

***TOWN OF ABINGTON, MASSACHUSETTS***

***REPORT ON EXAMINATION OF  
BASIC FINANCIAL STATEMENTS***

***YEAR ENDED JUNE 30, 2020***

TOWN OF ABINGTON, MASSACHUSETTS

REPORT ON EXAMINATION OF BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

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100 Quannapowitt Parkway  
Suite 101  
Wakefield, MA 01880  
T. 781-914-1700  
F. 781-914-1701  
[www.powersandsullivan.com](http://www.powersandsullivan.com)

## **Independent Auditor's Report**

To the Honorable Board of Selectmen  
Town of Abington, Massachusetts

## **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Abington, Massachusetts, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

## **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

## **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Abington, Massachusetts, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2021, on our consideration of the Town of Abington, Massachusetts' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Abington's internal control over financial reporting and compliance.

*Powers + Sullivan, LLC*

February 25, 2021

# **Management's Discussion and Analysis**

# ***Management's Discussion and Analysis***

As management of the Town of Abington, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2020.

## ***Overview of the Financial Statements***

This discussion and analysis is intended to serve as an introduction to the Town of Abington's basic financial statements. These basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements** The *government-wide financial statements* are designed to provide readers with a broad overview of finances, in a manner similar to private-sector business.

The *statement of net position* presents information on all assets, liabilities, and deferred inflows/outflows of resources, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include general government, public safety, education, public works, health and human services, culture and recreation, community preservation, COVID-19 and interest. The business-type activities include the golf, sewer, water, and cable access activities.

**Fund financial statements** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on *near-term inflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town of Abington adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

**Proprietary funds** The Town maintains its enterprise activities as a proprietary fund.

**Enterprise funds** are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its golf, sewer, water, and cable access activities.

**Internal service funds** are an accounting device used to accumulate and allocate costs internally among various functions. The Town uses internal service funds to account for health insurance activities. Because these services predominately benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

**Fiduciary funds** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for propriety funds.

The Town established an Other Postemployment Benefits Trust Fund (OPEB) to account for funds set aside to help offset future postemployment benefits for retirees. The Town is working to develop a plan to continue growing the trust fund balance in future years. These activities are excluded from the Town's government-wide financial statements because the Town cannot use these assets to finance its operations.

**Notes to the basic financial statements** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

## **COVID-19**

On March 27, 2020, the United States Federal Government established the Coronavirus Aid, Relief and Economic Security (CARES) Act in response to the economic downfall caused by the COVID-19 pandemic. This Act requires that the payment from these funds be used only to cover expenses that; are necessary due to the public health emergency with respect to COVID-19; were not accounted for in the budget most recently approved as of March 27, 2020; and were incurred during the period that begins on March 1, 2020, and ends on December 31, 2021. As of June 30, 2020, the Town incurred COVID-19 related expenses totaling \$191,000. The Town anticipates being reimbursed for these costs through the Coronavirus Relief Fund and has recorded receivables related to the anticipated reimbursements.

## **Government-wide Financial Analysis**

### **Governmental Activities**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Governmental net position had a deficit balance of \$9.7 million at the close of 2020.

Governmental net position of \$82.8 million reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that

the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net position of \$2.1 million represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of a deficit \$94.5 million represents the impact of the recognition of a \$79.8 million governmental liability associated with the other postemployment benefit plan and a \$24.5 million liability associated with the net pension liability.

The governmental activities net position decreased by \$5.4 million during the current year. This was primarily due to a \$3.7 million net increase in the Town's other postemployment liability and its related deferred inflows and outflows, a \$1.5 million net increase in the Town's net pension liability and its related deferred inflows and outflows, and a \$599,000 increase in the landfill liability accrual.

	2020	(As Restated) 2019
<b>Assets:</b>		
Current assets.....	\$ 15,141,584	\$ 15,396,199
Capital assets, non depreciable.....	7,995,221	8,286,010
Capital assets, net of accumulated depreciation....	118,520,674	119,780,182
<b>Total assets.....</b>	<b>141,657,479</b>	<b>143,462,391</b>
<b>Deferred outflows of resources.....</b>	<b>11,720,693</b>	<b>15,846,773</b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	2,917,077	3,283,592
Noncurrent liabilities (excluding debt).....	109,626,710	107,880,332
Current debt.....	3,962,397	3,400,710
Noncurrent debt.....	40,819,317	43,288,601
<b>Total liabilities.....</b>	<b>157,325,501</b>	<b>157,853,235</b>
<b>Deferred inflows of resources.....</b>	<b>5,722,618</b>	<b>5,737,236</b>
<b>Net position:</b>		
Net investment in capital assets.....	82,770,185	82,478,937
Restricted.....	2,051,147	1,999,279
Unrestricted.....	(94,491,279)	(88,759,523)
<b>Total net position.....</b>	<b>\$ (9,669,947)</b>	<b>\$ (4,281,307)</b>

	2020	(As Restated) 2019
<b>Program Revenues:</b>		
Charges for services.....	\$ 3,272,564	\$ 3,514,363
Operating grants and contributions.....	17,646,864	14,881,580
Capital grants and contributions.....	510,799	911,481
<b>General Revenues:</b>		
Real estate and personal property taxes, net of tax refunds payable.....	36,980,921	35,854,356
Tax and other liens.....	253,452	271,720
Motor vehicle and other excise taxes.....	2,485,655	2,544,181
Meals tax.....	319,392	340,434
Community preservation tax.....	474,693	376,691
Grants and contributions not restricted to specific programs.....	2,313,247	2,362,200
Unrestricted investment income.....	158,071	174,124
Gain (loss) on sale of assets.....	-	9,950
Miscellaneous.....	194,491	250,898
<b>Total revenues.....</b>	<b>64,610,149</b>	<b>61,491,978</b>
<b>Expenses:</b>		
General government.....	3,733,205	2,626,498
Public safety.....	12,944,489	11,631,652
Education.....	44,747,919	43,007,896
Public works.....	4,092,280	3,864,812
Health and human services.....	975,044	689,796
Culture and recreation.....	1,683,601	1,162,851
Community preservation.....	143,488	31,349
COVID-19.....	190,807	-
Interest.....	1,485,219	1,565,694
<b>Total expenses.....</b>	<b>69,996,052</b>	<b>64,580,548</b>
<b>Excess (Deficiency) before transfers.....</b>	<b>(5,385,903)</b>	<b>(3,088,570)</b>
<b>Transfers.....</b>	<b>(2,737)</b>	<b>-</b>
<b>Change in net position.....</b>	<b>(5,388,640)</b>	<b>(3,088,570)</b>
<b>Net position, beginning of year (as restated).....</b>	<b>(4,281,307)</b>	<b>(1,192,737)</b>
<b>Net position, end of year.....</b>	<b>\$ (9,669,947)</b>	<b>\$ (4,281,307)</b>

Beginning net position of the governmental activities has been restated to reflect the fact that the ambulance enterprise fund has been and closed and the corresponding activity is now being reported in the governmental funds. Accordingly, previously reported net position deficit of \$4,623,232 has been restated to a deficit balance of \$4,281,307 (see Note 17 for more information).

**Business Type Activities**

Business-type activities assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$32.3 million at the close of 2020. Net position of \$26.1 million reflects its investment in capital assets less any debt used to acquire those assets that are still outstanding. The remaining balance of unrestricted net position of \$6.2 million may be used to meet ongoing obligations.

The net position of the Water Enterprise Fund increased \$755,000 during the current year to a balance of \$9.1 million. The change is attributable to a \$381,000 increase in charges for services due to rates increasing by \$0.25 per 100 cubic feet in fiscal year 2020 combined with a \$483,000 decrease in operational costs.

The net position of the Sewer Enterprise Fund decreased \$943,000 during the current year to a balance of \$21.2 million. The change is attributable to a slight decrease in operating revenues, offset by an overall increase in accrued expenses related to the joint water works program, and a slight increase in general operating costs.

The Ambulance Enterprise Fund was closed during 2020. The remaining deficit net position was covered by a transfer from the general fund.

The net position of the Golf Enterprise Fund decreased \$26,000 during the current year to a balance of \$2.0 million. The change is attributable to an overall increase in salaries and operational costs.

The Cable Access Enterprise Fund was established in 2020. This fund is supported by receipts received in connection with cable television franchise agreements. These funds will be used for cable related purposes consistent with franchise agreements. The net position was \$0 at year end because fee revenues directly offset operational costs.

	2020	(As Restated) 2019
<b>Assets:</b>		
Current assets.....	\$ 9,151,279	\$ 9,106,064
Noncurrent assets (excluding capital).....	41,403	42,849
Capital assets, non depreciable.....	1,422,001	1,431,952
Capital assets, net of accumulated depreciation....	29,861,514	30,864,530
<b>Total assets.....</b>	<b>40,476,197</b>	<b>41,445,395</b>
<b>Deferred outflows of resources.....</b>	<b>156,963</b>	<b>217,856</b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	1,699,826	2,062,777
Noncurrent liabilities (excluding debt).....	1,318,082	1,281,480
Current debt.....	501,234	496,136
Noncurrent debt.....	4,766,859	5,268,093
<b>Total liabilities.....</b>	<b>8,286,001</b>	<b>9,108,486</b>
<b>Deferred inflows of resources.....</b>	<b>64,539</b>	<b>60,361</b>
<b>Net position:</b>		
Net investment in capital assets.....	26,059,149	26,650,880
Unrestricted.....	6,223,471	5,843,524
<b>Total net position.....</b>	<b>\$ 32,282,620</b>	<b>\$ 32,494,404</b>

	2020	(As Restated) 2019
<b>Program Revenues:</b>		
<i>Charges for services:</i>		
Water.....	\$ 3,343,024	\$ 2,962,284
Sewer.....	2,490,616	2,563,916
Ambulance.....	-	1,027,483
Golf course.....	396,870	170,004
Cable Access.....	171,994	-
<b>Total revenues.....</b>	<b>6,402,504</b>	<b>6,723,687</b>
 <b>Expenses:</b>		
Water.....	2,588,202	3,084,448
Sewer.....	3,433,723	2,285,583
Ambulance.....	-	1,594,229
Golf course.....	423,106	188,408
Cable Access.....	171,994	-
<b>Total expenses.....</b>	<b>6,617,025</b>	<b>7,152,668</b>
 <b>Excess (Deficiency) before transfers.....</b>	<b>(214,521)</b>	<b>(428,981)</b>
 <b>Transfers.....</b>	<b>2,737</b>	<b>295,341</b>
 <b>Change in net position.....</b>	<b>(211,784)</b>	<b>(133,640)</b>
 <b>Net position, beginning of year (as restated).....</b>	<b>32,494,404</b>	<b>32,628,044</b>
 <b>Net position, end of year.....</b>	<b>\$ 32,282,620</b>	<b>\$ 32,494,404</b>

Beginning net position of the business-type activities has been restated to reflect the fact that the ambulance enterprise fund has been closed and the corresponding activity is now being reported in the governmental funds. Accordingly, previously net position of \$32,836,329 has been restated to \$32,494,404 (see Note 17 for more information).

### ***Financial Analysis of the Government's Funds***

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the Town of Abington's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town of Abington's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

As of the end of the current year, governmental funds reported combined ending fund balances of \$7.9 million, a decrease of \$1.1 million from the prior year. The decrease is due to the middle high school project and various other capital projects which were funded with BAN proceeds. Additionally the decrease was caused by the timing of the expenditure of grant funds versus the receipt of such funds.

The general fund is the chief operating fund. At the end of the current year, unassigned fund balance of the general fund was \$4.9 million, while total fund balance increased by \$83,000 to an ending balance of \$5.3 million.

The change is attributable to a transfer in from the building department revolving fund offset by transfers out to other capital project funds and the ambulance fund.

As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 8.3% of general fund expenditures, while total fund balance represents 8.9% of that same amount.

The middle/high school project fund is being used to account for the construction activities related to the building of a new school behind the current high school. During 2020, \$365,000 was spent on this project and the Town received \$28,000 in Massachusetts School Building Authority reimbursements. The school opened its doors in September of 2017. The fund has a surplus of \$478,000 as of the end of 2020 due to the timing of expenditures related to the long-term bond issuance. The Town expects this project to be completed during fiscal year 2022.

The other capital projects fund is being used to account for landfill capping and the fire department vehicles and equipment. During 2020, \$425,000 was spent on an ambulance and a fire department feasibility study. These projects will be funded with bond proceeds in future fiscal years.

There was a \$568,000 decrease in the nonmajor governmental funds during the year, which is primarily attributable to the timing difference between when grant funds are received and when they are expended and a transfer to the general fund of the building department revolving fund surplus balance.

The Town established a Self-Insured Health Trust in 2019 which is accounted for as an Internal Service Fund. At the end of the current year, the fund has a surplus of \$566,000. This is a decrease of \$16,000 from the prior year. This represents essentially a break even for the year as claims only slightly exceeded contributions.

### ***General Fund Budgetary Highlights***

The original general fund operating budget approved approximately \$55.2 million in appropriations and other financing uses. Town meeting increased the original budget by approximately \$1.2 during the current year. \$323,000 has been carried over to 2021 as encumbrances and continuing appropriations.

### ***Capital Asset and Debt Administration***

In conjunction with the operating budget, the Town annually prepares a capital budget for the upcoming year and a five-year Capital Improvement Plan (CIP) that is used as a guide for future capital expenditures.

Governmental capital assets at year-end were \$126.5 million, which represents a decrease of \$1.6 million from the prior year. Major current additions include \$365,000 of building improvements related to the new school project, \$181,000 for the purchase of police vehicles, and \$432,000 of various infrastructure additions. Depreciation of \$3.1 million was recorded in 2020.

Enterprise capital assets at year-end were valued at \$31.3 million, which represents a decrease of \$1.0 million from the prior year, net of depreciation. The most significant activity during 2020 included \$237,000 for infrastructure improvements in the water department, \$127,000 for infrastructure improvements in the sewer department and \$18,000 for golf equipment. Depreciation of \$1.4 million was recorded in 2020.

The Town's debt burden is relatively low when compared to the net balance of capital assets acquired with the debt. Outstanding governmental long-term debt, as of June 30, 2020, was \$41.9 million, of which \$39.2 million was for the new middle/high school project, \$2.0 million is for the police station, and \$690,000 is for the senior center.

The water enterprise fund has \$5.3 million in long-term debt that is fully supported by the rates.

Please refer to footnotes 4, 6, 7, and 8 for further discussion of the major capital and debt activity.

### ***Requests for Information***

This financial report is designed to provide a general overview of the Town of Abington's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Manager, Town Hall, 500 Gliniewicz Way, Abington, Massachusetts 02351.

# **Basic Financial Statements**

**STATEMENT OF NET POSITION**

JUNE 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
<b>CURRENT:</b>			
Cash and cash equivalents.....	\$ 10,047,704	\$ 6,984,145	\$ 17,031,849
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	791,968	-	791,968
Tax liens.....	730,182	50,055	780,237
Community preservation fund surtax.....	9,299	-	9,299
Motor vehicle and other excise taxes.....	529,814	-	529,814
User charges.....	-	2,117,079	2,117,079
Departmental and other.....	527,432	-	527,432
Intergovernmental.....	1,594,112	-	1,594,112
Community preservation state share.....	117,707	-	117,707
Special assessments.....	-	-	-
Tax foreclosures.....	685,923	-	685,923
Other assets.....	107,443	-	107,443
Total current assets.....	<u>15,141,584</u>	<u>9,151,279</u>	<u>24,292,863</u>
<b>NONCURRENT:</b>			
Receivables, net of allowance for uncollectibles:			
Special assessments.....	-	41,403	41,403
Capital assets, nondepreciable.....	7,995,221	1,422,001	9,417,222
Capital assets, net of accumulated depreciation.....	<u>118,520,674</u>	<u>29,861,514</u>	<u>148,382,188</u>
Total noncurrent assets.....	<u>126,515,895</u>	<u>31,324,918</u>	<u>157,840,813</u>
<b>TOTAL ASSETS.....</b>	<u><b>141,657,479</b></u>	<u><b>40,476,197</b></u>	<u><b>182,133,676</b></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions.....	3,720,214	81,399	3,801,613
Deferred outflows related to other postemployment benefits.....	<u>8,000,479</u>	<u>75,564</u>	<u>8,076,043</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES.....</b>	<u><b>11,720,693</b></u>	<u><b>156,963</b></u>	<u><b>11,877,656</b></u>
<b>LIABILITIES</b>			
<b>CURRENT:</b>			
Warrants payable.....	922,006	242,842	1,164,848
Accrued payroll.....	462,417	34,803	497,220
Health claims payable.....	427,269	-	427,269
Accrued interest.....	247,259	66,728	313,987
Liabilities due depositors.....	362,971	-	362,971
Accrued liabilities.....	29,538	1,316,869	1,346,407
Landfill closure.....	25,000	-	25,000
Compensated absences.....	440,617	38,584	479,201
Notes payable.....	1,493,113	-	1,493,113
Bonds payable.....	<u>2,469,284</u>	<u>501,234</u>	<u>2,970,518</u>
Total current liabilities.....	<u>6,879,474</u>	<u>2,201,060</u>	<u>9,080,534</u>
<b>NONCURRENT:</b>			
Landfill closure.....	4,253,500	-	4,253,500
Compensated absences.....	1,103,333	29,048	1,132,381
Net pension liability.....	24,463,493	535,269	24,998,762
Net other postemployment benefits liability.....	79,806,384	753,765	80,560,149
Bonds payable.....	<u>40,819,317</u>	<u>4,766,859</u>	<u>45,586,176</u>
Total noncurrent liabilities.....	<u>150,446,027</u>	<u>6,084,941</u>	<u>156,530,968</u>
<b>TOTAL LIABILITIES.....</b>	<u><b>157,325,501</b></u>	<u><b>8,286,001</b></u>	<u><b>165,611,502</b></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions.....	843,559	18,457	862,016
Deferred inflows related to other postemployment benefits.....	<u>4,879,059</u>	<u>46,082</u>	<u>4,925,141</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES.....</b>	<u><b>5,722,618</b></u>	<u><b>64,539</b></u>	<u><b>5,787,157</b></u>
<b>NET POSITION</b>			
Net investment in capital assets.....	82,770,185	26,059,149	108,829,334
Restricted for:			
Permanent funds:			
Expendable.....	90,798	-	90,798
Nonexpendable.....	69,778	-	69,778
Gifts and grants.....	857,338	-	857,338
Community preservation.....	1,033,233	-	1,033,233
Unrestricted.....	<u>(94,491,279)</u>	<u>6,223,471</u>	<u>(88,267,808)</u>
<b>TOTAL NET POSITION.....</b>	<u><b>\$ (9,669,947)</b></u>	<u><b>\$ 32,282,620</b></u>	<u><b>\$ 22,612,673</b></u>

See notes to basic financial statements.

**STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government:</b>					
<i>Governmental Activities:</i>					
General government.....	\$ 3,733,205	\$ 285,158	\$ 49,712	\$ -	\$ (3,398,335)
Public safety.....	12,944,489	1,350,903	141,968	2,500	(11,449,118)
Education.....	44,747,919	1,335,623	16,993,478	27,895	(26,390,923)
Public works.....	4,092,280	128,911	10,924	386,764	(3,565,681)
Health and human services.....	975,044	65,287	190,533	-	(719,224)
Culture and recreation.....	1,683,601	106,682	69,442	-	(1,507,477)
Community preservation.....	143,488	-	-	93,640	(49,848)
COVID-19.....	190,807	-	190,807	-	-
Interest.....	1,485,219	-	-	-	(1,485,219)
<b>Total Governmental Activities.....</b>	<b>69,996,052</b>	<b>3,272,564</b>	<b>17,646,864</b>	<b>510,799</b>	<b>(48,565,825)</b>
<i>Business-Type Activities:</i>					
Water.....	2,588,202	3,343,024	-	-	754,822
Sewer.....	3,433,723	2,490,616	-	-	(943,107)
Golf course.....	423,106	396,870	-	-	(26,236)
Cable access.....	171,994	171,994	-	-	-
<b>Total Business-Type Activities.....</b>	<b>6,617,025</b>	<b>6,402,504</b>	<b>-</b>	<b>-</b>	<b>(214,521)</b>
<b>Total Primary Government.....</b>	<b>\$ 76,613,077</b>	<b>\$ 9,675,068</b>	<b>\$ 17,646,864</b>	<b>\$ 510,799</b>	<b>\$ (48,780,346)</b>

See notes to basic financial statements.

(Continued)

**STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Changes in net position:</b>			
Net (expense) revenue from previous page.....	\$ (48,565,825)	\$ (214,521)	\$ (48,780,346)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	36,980,921	-	36,980,921
Tax and other liens.....	253,452	-	253,452
Motor vehicle and other excise taxes.....	2,485,655	-	2,485,655
Meals tax.....	319,392	-	319,392
Community preservation tax.....	474,693	-	474,693
Grants and contributions not restricted to specific programs.....	2,313,247	-	2,313,247
Unrestricted investment income.....	158,071	-	158,071
Miscellaneous.....	194,491	-	194,491
<i>Transfers, net</i> .....	(2,737)	2,737	-
Total general revenues and transfers.....	43,177,185	2,737	43,179,922
Change in net position.....	(5,388,640)	(211,784)	(5,600,424)
<i>Net position:</i>			
Beginning of year (as restated).....	(4,281,307)	32,494,404	28,213,097
End of year.....	\$ (9,669,947)	\$ 32,282,620	\$ 22,612,673

(Concluded)

See notes to basic financial statements.

**GOVERNMENTAL FUNDS  
BALANCE SHEET**

JUNE 30, 2020

	General	Middle/High School Project	Other Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents.....	\$ 5,925,504	\$ 9,376	\$ 18,132	\$ 3,121,394	\$ 9,074,406
Receivables, net of uncollectibles:					
Real estate and personal property taxes.....	791,968	-	-	-	791,968
Tax liens.....	730,182	-	-	-	730,182
Community preservation fund surtax.....	-	-	-	9,299	9,299
Motor vehicle and other excise taxes.....	529,814	-	-	-	529,814
Departmental and other.....	196,727	-	-	-	196,727
Intergovernmental - other.....	100,925	1,008,496	-	484,691	1,594,112
Community preservation state share.....	-	-	-	117,707	117,707
Tax foreclosures.....	685,923	-	-	-	685,923
<b>TOTAL ASSETS.....</b>	<b>\$ 8,961,043</b>	<b>\$ 1,017,872</b>	<b>\$ 18,132</b>	<b>\$ 3,733,091</b>	<b>\$ 13,730,138</b>
<b>LIABILITIES</b>					
Warrants payable.....	\$ 551,954	\$ -	\$ -	\$ 314,380	\$ 866,334
Accrued payroll.....	441,708	-	-	20,709	462,417
Other liabilities.....	29,538	-	-	-	29,538
Notes payable.....	-	539,983	953,130	-	1,493,113
<b>TOTAL LIABILITIES.....</b>	<b>1,023,200</b>	<b>539,983</b>	<b>953,130</b>	<b>335,089</b>	<b>2,851,402</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue.....	2,677,052	-	-	371,892	3,048,944
<b>FUND BALANCES</b>					
Nonspendable.....	-	-	-	69,778	69,778
Restricted.....	-	477,889	-	2,956,332	3,434,221
Committed.....	215,413	-	-	-	215,413
Assigned.....	107,412	-	-	-	107,412
Unassigned.....	4,937,966	-	(934,998)	-	4,002,968
<b>TOTAL FUND BALANCES.....</b>	<b>5,260,791</b>	<b>477,889</b>	<b>(934,998)</b>	<b>3,026,110</b>	<b>7,829,792</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....</b>	<b>\$ 8,961,043</b>	<b>\$ 1,017,872</b>	<b>\$ 18,132</b>	<b>\$ 3,733,091</b>	<b>\$ 13,730,138</b>

See notes to basic financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION**

JUNE 30, 2020

Total governmental fund balances.....	\$	7,829,792
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		126,515,895
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....		3,048,944
The statement of net position includes certain deferred inflows of resources and deferred outflows of resources that will be amortized over future periods. In governmental funds, these amounts are not deferred.....		5,998,075
The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.....		565,534
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(247,259)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Bonds payable.....	(43,288,601)	
Net pension liability.....	(24,463,493)	
Net other postemployment benefits liability.....	(79,806,384)	
Landfill closure.....	(4,278,500)	
Compensated absences.....	<u>(1,543,950)</u>	
Net effect of reporting long-term liabilities.....		<u>(153,380,928)</u>
Net position of governmental activities.....	\$	<u><u>(9,669,947)</u></u>

See notes to basic financial statements.

**GOVERNMENTAL FUNDS**  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2020

	General	Middle/High School Project	Other Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>					
Real estate and personal property taxes, net of tax refunds.....	\$ 36,843,027	\$ -	\$ -	\$ -	\$ 36,843,027
Tax liens.....	230,978	-	-	-	230,978
Motor vehicle and other excise taxes.....	2,392,648	-	-	-	2,392,648
Hotel/motel tax.....	319,392	-	-	-	319,392
Intergovernmental - School Building Authority.....	-	27,895	-	-	27,895
Intergovernmental - Teachers Retirement.....	5,997,482	-	-	-	5,997,482
Intergovernmental.....	11,585,597	-	30,000	2,997,062	14,612,659
Intergovernmental - COVID-19 relief.....	-	-	-	190,807	190,807
Departmental and other.....	1,842,758	-	-	1,131,227	2,973,985
Community preservation taxes.....	-	-	-	409,545	409,545
Community preservation state match.....	-	-	-	93,640	93,640
Contributions and donations.....	-	-	-	88,076	88,076
Investment income.....	139,292	-	-	13,875	153,167
<b>TOTAL REVENUES.....</b>	<b>59,351,174</b>	<b>27,895</b>	<b>30,000</b>	<b>4,924,232</b>	<b>64,333,301</b>
<b>EXPENDITURES:</b>					
Current:					
General government.....	2,449,344	-	-	186,848	2,636,192
Public safety.....	7,328,193	-	424,999	126,059	7,879,251
Education.....	25,249,902	365,392	-	3,375,050	28,990,344
Public works.....	2,501,399	-	-	566,590	3,067,989
Health and human services.....	508,164	-	-	142,047	650,211
Culture and recreation.....	681,635	-	-	416,869	1,098,504
Community preservation.....	-	-	-	338,241	338,241
COVID-19.....	-	-	-	190,807	190,807
Pension benefits.....	2,704,179	-	-	-	2,704,179
Pension benefits - Teachers Retirement.....	5,997,482	-	-	-	5,997,482
Employee benefits.....	7,027,060	-	-	-	7,027,060
State and county charges.....	892,729	-	-	-	892,729
Debt service:					
Principal.....	2,330,000	-	-	-	2,330,000
Interest.....	1,644,892	-	-	-	1,644,892
<b>TOTAL EXPENDITURES.....</b>	<b>59,314,979</b>	<b>365,392</b>	<b>424,999</b>	<b>5,342,511</b>	<b>65,447,881</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>36,195</b>	<b>(337,497)</b>	<b>(394,999)</b>	<b>(418,279)</b>	<b>(1,114,580)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in.....	150,000	-	100,880	-	250,880
Transfers out.....	(103,617)	-	-	(150,000)	(253,617)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>46,383</b>	<b>-</b>	<b>100,880</b>	<b>(150,000)</b>	<b>(2,737)</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>82,578</b>	<b>(337,497)</b>	<b>(294,119)</b>	<b>(568,279)</b>	<b>(1,117,317)</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>5,178,213</b>	<b>815,386</b>	<b>(640,879)</b>	<b>3,594,389</b>	<b>8,947,109</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 5,260,791</b>	<b>\$ 477,889</b>	<b>\$ (934,998)</b>	<b>\$ 3,026,110</b>	<b>\$ 7,829,792</b>

See notes to basic financial statements.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2020

Net change in fund balances - total governmental funds.....		\$ (1,117,317)
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay.....	1,568,651	
Depreciation expense.....	<u>(3,118,948)</u>	
Net effect of reporting capital assets.....		(1,550,297)
<p>Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable differ between the two statements. This amount represents the net change in unavailable revenue.....</p>		
		271,945
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are unavailable and amortized in the Statement of Activities.</p>		
Amortization of bond premiums.....	143,162	
Debt service principal payments.....	<u>2,330,000</u>	
Net effect of reporting long-term debt.....		2,473,162
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Net change in compensated absences accrual.....	(76,493)	
Net change in accrued interest on long-term debt.....	16,512	
Net change in deferred outflow/(inflow) of resources related to pensions.....	(3,009,327)	
Net change in net pension liability.....	1,525,987	
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits...	(1,102,135)	
Net change in net other postemployment benefits liability.....	(2,605,998)	
Net change in landfill closure.....	<u>(198,500)</u>	
Net effect of recording long-term liabilities.....		(5,449,954)
The net activity of internal service funds is reported with Governmental Activities.....		<u>(16,179)</u>
Change in net position of governmental activities.....		\$ <u><u>(5,388,640)</u></u>

See notes to basic financial statements.

**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**

JUNE 30, 2020

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Fund
	Water	Sewer	Golf Course	Cable Access	Total	
<b>ASSETS</b>						
<b>CURRENT:</b>						
Cash and cash equivalents.....	\$ 2,267,676	\$ 4,020,729	\$ 557,331	\$ 138,409	\$ 6,984,145	\$ 973,298
Receivables, net of allowance for uncollectibles:						
Liens - user charges.....	22,120	27,935	-	-	50,055	-
User charges.....	1,137,779	979,300	-	-	2,117,079	-
Departmental and other.....	-	-	-	-	-	330,705
Prepaid expenses.....	-	-	-	-	-	107,443
Total current assets.....	<u>3,427,575</u>	<u>5,027,964</u>	<u>557,331</u>	<u>138,409</u>	<u>9,151,279</u>	<u>1,411,446</u>
<b>NONCURRENT:</b>						
Receivables, net of allowance for uncollectibles:						
Special assessments.....	-	41,403	-	-	41,403	-
Capital assets, non depreciable.....	180,366	64,635	1,177,000	-	1,422,001	-
Capital assets, net of accumulated depreciation.....	<u>10,926,628</u>	<u>18,543,748</u>	<u>391,138</u>	<u>-</u>	<u>29,861,514</u>	<u>-</u>
Total noncurrent assets.....	<u>11,106,994</u>	<u>18,649,786</u>	<u>1,568,138</u>	<u>-</u>	<u>31,324,918</u>	<u>-</u>
<b>TOTAL ASSETS.....</b>	<u>14,534,569</u>	<u>23,677,750</u>	<u>2,125,469</u>	<u>138,409</u>	<u>40,476,197</u>	<u>1,411,446</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred outflows related to pensions.....	-	61,279	20,120	-	81,399	-
Deferred outflows related to other postemployment benefits.....	-	75,564	-	-	75,564	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES.....</b>	<u>-</u>	<u>136,843</u>	<u>20,120</u>	<u>-</u>	<u>156,963</u>	<u>-</u>
<b>LIABILITIES</b>						
<b>CURRENT:</b>						
Warrants payable.....	83,154	7,303	13,976	138,409	242,842	55,672
Accrued payroll.....	-	24,425	10,378	-	34,803	-
Health claims payable.....	-	-	-	-	-	427,269
Liabilities due depositors.....	-	-	-	-	-	362,971
Accrued interest.....	66,728	-	-	-	66,728	-
Accrued liabilities.....	20,551	1,287,540	8,778	-	1,316,869	-
Compensated absences.....	-	27,450	11,134	-	38,584	-
Bonds payable.....	<u>501,234</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>501,234</u>	<u>-</u>
Total current liabilities.....	<u>671,667</u>	<u>1,346,718</u>	<u>44,266</u>	<u>138,409</u>	<u>2,201,060</u>	<u>845,912</u>
<b>NONCURRENT:</b>						
Compensated absences.....	-	26,181	2,867	-	29,048	-
Net pension liability.....	-	402,961	132,308	-	535,269	-
Net other postemployment benefits liability.....	-	753,765	-	-	753,765	-
Bonds payable.....	<u>4,766,859</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,766,859</u>	<u>-</u>
Total noncurrent liabilities.....	<u>4,766,859</u>	<u>1,182,907</u>	<u>135,175</u>	<u>-</u>	<u>6,084,941</u>	<u>-</u>
<b>TOTAL LIABILITIES.....</b>	<u>5,438,526</u>	<u>2,529,625</u>	<u>179,441</u>	<u>138,409</u>	<u>8,286,001</u>	<u>845,912</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflows related to pensions.....	-	13,895	4,562	-	18,457	-
Deferred inflows related to other postemployment benefits.....	-	46,082	-	-	46,082	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES.....</b>	<u>-</u>	<u>59,977</u>	<u>4,562</u>	<u>-</u>	<u>64,539</u>	<u>-</u>
<b>NET POSITION</b>						
Net investment in capital assets.....	5,882,628	18,608,383	1,568,138	-	26,059,149	-
Unrestricted.....	<u>3,213,415</u>	<u>2,616,608</u>	<u>393,448</u>	<u>-</u>	<u>6,223,471</u>	<u>565,534</u>
<b>TOTAL NET POSITION.....</b>	<u>\$ 9,096,043</u>	<u>\$ 21,224,991</u>	<u>\$ 1,961,586</u>	<u>\$ -</u>	<u>\$ 32,282,620</u>	<u>\$ 565,534</u>

See notes to basic financial statements.

**PROPRIETARY FUNDS**  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2020

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Fund
	Water	Sewer	Ambulance	Golf Course	Cable Access	Total	
<b>OPERATING REVENUES:</b>							
Employee contributions.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,278,699
Employer contributions.....	-	-	-	-	-	-	5,955,074
Charges for services.....	3,343,024	2,490,616	-	396,870	171,994	6,402,504	-
<b>TOTAL OPERATING REVENUES</b> .....	<b>3,343,024</b>	<b>2,490,616</b>	<b>-</b>	<b>396,870</b>	<b>171,994</b>	<b>6,402,504</b>	<b>8,837,426</b>
<b>OPERATING EXPENSES:</b>							
Cost of services and administration.....	1,973,059	1,972,490	-	212,407	171,994	4,329,950	-
Salaries and wages.....	6,502	550,439	-	186,642	-	743,583	-
Depreciation.....	470,984	910,794	-	24,057	-	1,405,835	-
Employee benefits.....	-	-	-	-	-	-	8,858,510
<b>TOTAL OPERATING EXPENSES</b> .....	<b>2,450,545</b>	<b>3,433,723</b>	<b>-</b>	<b>423,106</b>	<b>171,994</b>	<b>6,479,368</b>	<b>8,858,510</b>
<b>OPERATING INCOME (LOSS)</b> .....	<b>892,479</b>	<b>(943,107)</b>	<b>-</b>	<b>(26,236)</b>	<b>-</b>	<b>(76,864)</b>	<b>(21,084)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>							
Investment income.....	-	-	-	-	-	-	4,905
Interest expense.....	(137,657)	-	-	-	-	(137,657)	-
<b>TOTAL NONOPERATING REVENUES (EXPENSES), NET</b> .....	<b>(137,657)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(137,657)</b>	<b>4,905</b>
<b>TRANSFERS:</b>							
Transfers in.....	-	-	2,737	-	-	2,737	-
<b>CHANGE IN NET POSITION</b> .....	<b>754,822</b>	<b>(943,107)</b>	<b>2,737</b>	<b>(26,236)</b>	<b>-</b>	<b>(211,784)</b>	<b>(16,179)</b>
<b>NET POSITION AT BEGINNING OF YEAR (AS RESTATED)</b> ....	<b>8,341,221</b>	<b>22,168,098</b>	<b>(2,737)</b>	<b>1,987,822</b>	<b>-</b>	<b>32,494,404</b>	<b>581,713</b>
<b>NET POSITION AT END OF YEAR</b> .....	<b>\$ 9,096,043</b>	<b>\$ 21,224,991</b>	<b>\$ -</b>	<b>\$ 1,961,586</b>	<b>\$ -</b>	<b>\$ 32,282,620</b>	<b>\$ 565,534</b>

See notes to basic financial statements.

**PROPRIETARY FUNDS**  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2020

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Fund
	Water	Sewer	Ambulance	Golf Course	Cable Access	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>							
Receipts from customers and users.....	\$ 3,281,765	\$ 2,463,373	\$ -	\$ 396,870	\$ 171,994	\$ 6,314,002	\$ -
Receipts from interfund services provided.....	-	-	-	-	-	-	8,872,277
Payments to vendors.....	(2,414,931)	(1,970,717)	(3,298)	(133,097)	(33,585)	(4,555,628)	(8,435,978)
Payments to employees.....	(11,138)	(541,050)	(53,025)	(171,118)	-	(776,331)	-
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b>855,696</b>	<b>(48,394)</b>	<b>(56,323)</b>	<b>92,655</b>	<b>138,409</b>	<b>982,043</b>	<b>436,299</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>							
Transfers in.....	-	-	2,737	-	-	2,737	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>							
Capital contributions.....	-	1,446	-	-	-	1,446	-
Acquisition and construction of capital assets.....	(247,751)	(126,923)	-	(18,194)	-	(392,868)	-
Principal payments on bonds and notes.....	(496,136)	-	-	-	-	(496,136)	-
Interest expense.....	(140,509)	-	-	-	-	(140,509)	-
<b>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....</b>	<b>(884,396)</b>	<b>(125,477)</b>	<b>-</b>	<b>(18,194)</b>	<b>-</b>	<b>(1,028,067)</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>							
Investment income.....	-	-	-	-	-	-	4,905
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS.....</b>	<b>(28,700)</b>	<b>(173,871)</b>	<b>(53,586)</b>	<b>74,461</b>	<b>138,409</b>	<b>(43,287)</b>	<b>441,204</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....</b>	<b>2,296,376</b>	<b>4,194,600</b>	<b>53,586</b>	<b>482,870</b>	<b>-</b>	<b>7,027,432</b>	<b>532,094</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR.....</b>	<b>\$ 2,267,676</b>	<b>\$ 4,020,729</b>	<b>\$ -</b>	<b>\$ 557,331</b>	<b>\$ 138,409</b>	<b>\$ 6,984,145</b>	<b>\$ 973,298</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH</b>							
<b>FROM OPERATING ACTIVITIES:</b>							
Operating income (loss).....	\$ 892,479	\$ (943,107)	\$ -	\$ (26,236)	\$ -	\$ (76,864)	\$ (21,084)
Adjustments to reconcile operating income to net cash from operating activities:							
Depreciation.....	470,984	910,794	-	24,057	-	1,405,835	-
Deferred (outflows)/inflows related to pensions.....	-	55,462	-	(1,502)	-	53,960	-
Deferred (outflows)/inflows related to other postemployment benefits....	-	11,111	-	-	-	11,111	-
Changes in assets and liabilities:							
Liens - user charges.....	(2,243)	(8,691)	-	-	-	(10,934)	-
User charges.....	(59,016)	(18,552)	-	-	-	(77,568)	-
Departmental and other.....	-	-	-	-	-	-	(282,403)
Prepaid expenses.....	-	-	-	-	-	-	711,651
Warrants payable.....	(74,206)	(64,050)	(3,298)	6,950	138,409	3,805	(480,966)
Accrued payroll.....	(4,636)	(1,023)	(53,025)	5,568	-	(53,116)	-
Health claims payable.....	-	-	-	-	-	-	191,847
Liabilities due depositors.....	-	-	-	-	-	-	317,254
Other liabilities.....	(367,666)	49,737	-	3,620	-	(314,309)	-
Compensated absences.....	-	(699)	-	9,956	-	9,257	-
Net pension liability.....	-	(51,157)	-	70,242	-	19,085	-
Other postemployment benefits.....	-	11,781	-	-	-	11,781	-
<b>Total adjustments.....</b>	<b>(36,783)</b>	<b>894,713</b>	<b>(56,323)</b>	<b>118,891</b>	<b>138,409</b>	<b>1,058,907</b>	<b>457,383</b>
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b>\$ 855,696</b>	<b>\$ (48,394)</b>	<b>\$ (56,323)</b>	<b>\$ 92,655</b>	<b>\$ 138,409</b>	<b>\$ 982,043</b>	<b>\$ 436,299</b>

See notes to basic financial statements.

**FIDUCIARY FUNDS**  
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2020

	Other Postemployment Benefit Trust Fund	Private Purpose Trust Funds	Agency Funds
<b>ASSETS</b>			
Cash and cash equivalents.....	\$ 273,513	\$ 140,069	\$ 1,184,735
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	-	-	156,981
<b>TOTAL ASSETS.....</b>	<b>273,513</b>	<b>140,069</b>	<b>1,341,716</b>
<b>LIABILITIES</b>			
Warrants payable.....	-	-	1,544
Accrued payroll.....	-	-	41,851
Liabilities due depositors.....	-	-	1,298,321
<b>TOTAL LIABILITIES.....</b>	<b>-</b>	<b>-</b>	<b>1,341,716</b>
<b>NET POSITION</b>			
Restricted for other postemployment benefits.....	273,513	-	-
Held in trust for other purposes.....	-	140,069	-
<b>TOTAL NET POSITION.....</b>	<b>\$ 273,513</b>	<b>\$ 140,069</b>	<b>\$ -</b>

See notes to basic financial statements.

**FIDUCIARY FUNDS**  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2020

	Other Postemployment Benefit Trust Fund	Private Purpose Trust Funds
<b>ADDITIONS:</b>		
Contributions:		
Employer contributions for other postemployment benefit payments.... \$	2,223,318	\$ -
Private donations.....	-	2,580
Total contributions.....	<u>2,223,318</u>	<u>2,580</u>
Net investment income:		
Investment income.....	3,551	1,853
TOTAL ADDITIONS.....	<u>2,226,869</u>	<u>4,433</u>
<b>DEDUCTIONS:</b>		
Other postemployment benefit payments.....	2,223,318	-
Educational scholarships.....	-	8,610
TOTAL DEDUCTIONS.....	<u>2,223,318</u>	<u>8,610</u>
NET INCREASE (DECREASE) IN NET POSITION.....	3,551	(4,177)
NET POSITION AT BEGINNING OF YEAR.....	<u>269,962</u>	<u>144,246</u>
NET POSITION AT END OF YEAR..... \$	<u><u>273,513</u></u>	<u><u>140,069</u></u>

See notes to basic financial statements.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying basic financial statements of the Town of Abington, Massachusetts (the Town) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described herein.

**A. Reporting Entity**

The Town is a municipal corporation that is governed by an elected Board of Selectmen (Board) and an appointed Town Manager.

For financial reporting purposes, the Town has included all funds, organizations, agencies, boards, commissions and institutions. The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. As required by GAAP, these basic financial statements present the Town (the primary government) and its component units. It has been determined that the Town has no component units that require inclusion in these basic financial statements.

***Joint Ventures***

The Town of Abington and the Town of Rockland are participants in a joint venture to develop and use any source of water supply within the limits of either said Town not already appropriated for purposes of public water supply. The water works project is governed by the water commissioners of each Town. Each Town contributes 50% of the annual costs of the projects. The Town of Abington's share of operating costs for the year ended June 30, 2020, totaled \$1,792,847. The Town has recorded 50% of the fixed assets related to the joint venture. Complete financial statements of the Abington/Rockland Joint Waterworks can be obtained directly from their administrative office located at 96 East Water Street, Rockland MA 02370.

The Town has entered into a joint venture with the Towns of Cohasset, Hanover, Hanson, Norwell, Rockland, Scituate and Whitman to pool resources and share in the costs, risks and rewards associated with providing vocational education through the South Shore Vocational Technical High School District. The Town's assessment for 2020 was \$1,396,175. Complete financial statements can be obtained directly from their administrative office located at 476 Webster Street, Hanover, MA 02339.

**B. Government-Wide and Fund Financial Statements*****Government-Wide Financial Statements***

The government-wide financial statements (i.e., statement of net position and statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are supported primarily by user fees and charges.

***Fund Financial Statements***

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual

governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated and displayed in a single column.

#### *Major Fund Criteria*

Major funds must be reported if the following criteria are met:

- If total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10 percent of the corresponding element (assets and deferred outflows of resources, liabilities and deferred inflows or resources, etc.) for all funds of that category or type (total governmental or total enterprise funds), *and*
- If the total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding element for all governmental and enterprise funds combined.

Additionally, any other governmental or enterprise fund that management believes is particularly significant to the basic financial statements may be reported as a major fund.

Internal service funds and fiduciary funds are reported by fund type.

### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

#### *Government-Wide Financial Statements*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred. Real estate and personal property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of activities demonstrates the degree to which the direct expenses of a particular function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include the following:

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.
- Grants and contributions that are restricted to meeting the operational requirements of a particular function or segment.
- Grants and contributions that are restricted to meeting the capital requirements of a particular function or segment.

Taxes and other items not identifiable as program revenues are reported as general revenues.

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. Exceptions are charges between the general fund and sewer, water, ambulance, and golf enterprise funds. Elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

*Fund Financial Statements*

**Governmental** fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences, and claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

Real estate and personal property tax revenues are considered available if they are collected within 60 days after year-end. Investment income is susceptible to accrual. Other receipts and tax revenues become measurable and available when the cash is received and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria is met. Expenditure driven grants recognize revenue when the qualifying expenditures are incurred and all other grant requirements are met.

The following major governmental funds are reported:

The *general fund* is the primary operating fund. It is used to account for all financial resources, except those that are required to be accounted for in another fund.

The *middle/high school project fund* is being used to account for the construction of a new school behind the current high school. The school opened its doors in September of 2017.

The *other capital projects fund* is being used to account for landfill capping and fire department vehicles and equipment.

The nonmajor governmental funds consist of special revenue, capital projects and permanent funds that are aggregated and presented in the *nonmajor governmental funds* column on the governmental funds financial statements. The following describes the general use of these fund types:

The *special revenue fund* is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than permanent funds or capital projects.

The *capital projects fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets of the governmental funds.

The *permanent fund* is used to account for and report financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

**Proprietary** fund financial statements are reported using the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the

proprietary funds' principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The following major proprietary funds are reported:

The *water enterprise fund* is used to account for the Town's water activities.

The *sewer enterprise fund* is used to account for the Town's sewer activities.

The *golf enterprise fund* is used to account for the Town's golf course activities.

The *cable access enterprise fund* is used to account for the Town's cable activities. The fund was established in 2020 and is supported by receipts received in connection with cable television franchise agreements. These funds will be used for cable related purposes consistent with franchise agreements.

Additionally, the following proprietary fund type is reported:

The *internal service fund* is used to account for the financing of services provided by one department to other departments or governmental units. This fund is used to account for risk financing activities related to health insurance.

**Fiduciary** fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Fiduciary funds are used to account for assets held in a trustee capacity for others that cannot be used to support the governmental programs.

The following fiduciary fund types are reported:

The *private-purpose trust fund* is used to account for trust arrangements that exclusively benefit individuals, private organizations, or other governments. Some of these trusts have donor restrictions and trustee policies that do not allow the endowment portion and any unrealized appreciation to be spent. The restrictions and trustee policies only allow the trustees to approve spending of the realized investment earnings. The Town mainly uses this fund to account for educational scholarships. An insignificant portion of the fund is used to account for the Town's cemetery trusts.

The *other postemployment benefits trust fund* was established under special legislation to accumulate resources to provide funding for future OPEB (other postemployment benefits) liabilities.

The *agency fund* is used to account for assets held in a purely custodial capacity. The Town's agency funds consist of off-duty work details, performance bonds, and fees collected on behalf of other governments.

#### D. Cash and Investments

##### *Government-Wide and Fund Financial Statements*

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition. Investments are carried at fair value.

#### E. Fair Value Measurements

The Town reports required types of financial instruments in accordance with the fair value standards. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value.

Fair value standards also require the government to classify these financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique or in accordance with net asset value practical expedient rules, which allow for either Level 2 or Level 3 depending on lock up and notice periods associated with the underlying funds.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date.

Instruments, which are generally included in this category, include actively traded equity and debt securities, U.S. government obligations, and mutual funds with quoted market prices in active markets.

Level 2 – Pricing inputs are other than quoted in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Certain fixed income securities, primarily corporate bonds, are classified as Level 2 because fair values are estimated using pricing models, matrix pricing, or discounted cash flows.

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy and is based on the lowest level of input that is significant to the fair value measurement.

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements. For more information on the fair value of the Town's financial instruments, see Note 2 – Cash and Investments.

#### F. Accounts Receivable

##### *Government-Wide and Fund Financial Statements*

The recognition of revenue related to accounts receivable reported in the government-wide financial statements and the proprietary funds and fiduciary funds financial statements are reported under the accrual basis of accounting. The recognition of revenue related to accounts receivable reported in the governmental funds financial statements are reported under the modified accrual basis of accounting.

##### ***Real Estate, Personal Property Taxes and Tax Liens***

Real estate and personal property taxes are levied and based on values assessed on January 1<sup>st</sup> of every year. Assessed values are established by the Board of Assessor's for 100% of the estimated fair market value. Taxes are due 30 days after the official postmark on the bill and are subject to penalties and interest if they are not paid by the respective due date. Real estate and personal property taxes levied are recorded as receivables in the year of the levy. Real estate tax liens are processed 60 days after the tax bills are sent and are recorded as receivables in the year they are processed.

Real estate tax liens are processed six months after the close of the valuation year on delinquent properties and are recorded as receivables in the year they are processed.

Real estate receivables are secured via the tax lien process and are considered 100% collectible. Accordingly, an allowance for uncollectible accounts is not reported.

Personal property taxes cannot be secured through the lien process. The allowance for uncollectible accounts is estimated based on historical trends and specific account analysis.

### ***Motor Vehicle Excise***

Motor vehicle excise taxes are assessed annually for each vehicle registered and are recorded as receivables in the year of the levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair values of those vehicles. The tax calculation is the fair value of the vehicle multiplied by \$25 per \$1,000 of value.

The allowance for uncollectible accounts is estimated based on historical trends and specific account analysis.

### ***Water and Sewer***

User fees are levied monthly based on individual meter readings and are subject to penalties and interest if they are not paid by the respective due date. Unbilled user fees are estimated at year-end and are recorded as revenue in the current period. Water and Sewer liens are processed in December of every year and included as a lien on the property owner's tax bill. Water and Sewer charges and liens are recorded as receivables in the year of the levy.

Since the receivables are secured via the lien process, these accounts are considered 100% collectible and therefore do not report an allowance for uncollectible accounts.

### ***Departmental and Other***

Departmental and other receivables consist primarily of ambulance charges and are recorded as receivables in the year accrued. The allowance for uncollectible accounts is estimated based on historical trends and specific account analysis.

### ***Intergovernmental***

Various federal and state grants for operating and capital purposes are applied for and received annually. For non-expenditure driven grants, receivables are recorded as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, receivables are recorded when the qualifying expenditures are incurred and all other grant requirements are met.

These receivables are considered 100% collectible and therefore do not report an allowance for uncollectible accounts.

### **G. Inventories**

#### ***Government-Wide and Fund Financial Statements***

Inventories are recorded as expenditures at the time of purchase. Such inventories are not material in total to the government-wide and fund financial statements, and therefore are not reported.

The Water Enterprise Fund may at times purchase meters in advance of their placement into service. The value of such meters is recorded as inventory until they are actually placed into service; they are then transferred to fixed assets and depreciated.

H. Capital Assets

*Government-Wide and Proprietary Fund Financial Statements*

Capital assets, which include land, buildings and land improvements, historical treasures, construction in progress, machinery and equipment, vehicles and infrastructure (e.g., roads, water mains, sewer mains, and similar items), joint waterworks, textbooks and software, are reported in the applicable governmental or business-type activity column of the government-wide financial statements, and the proprietary fund financial statements. Capital assets are recorded at historical cost, or at estimated historical cost, if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the date of donation. Except for the capital assets of the governmental activities column in the government-wide financial statements, construction period interest is capitalized on constructed capital assets.

All purchases and construction costs in excess of \$10,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

Capital assets (excluding land) are depreciated on a straight-line basis. The estimated useful lives of capital assets are as follows:

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>
Buildings and improvements.....	40
Machinery and equipment.....	5-20
Vehicles.....	5
Infrastructure.....	20-50
Software.....	5
Library & textbooks.....	10

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized and are treated as expenses when incurred. Improvements are capitalized.

*Governmental Fund Financial Statements*

Capital asset costs are recorded as expenditures in the acquiring fund in the year of the purchase.

I. Deferred Outflows/Inflows of Resources

*Government-Wide Financial Statements (Net Position)*

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of

resources (expense/ expenditure) until then. The Town has reported deferred outflows of resources related to pensions and deferred outflows of resources related to other postemployment benefits in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Town has reported deferred inflows of resources related to pensions and other postemployment benefits in this category.

#### *Governmental Fund Financial Statements*

In addition to liabilities, the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents assets that have been recorded in the governmental fund financial statements but the revenue is not available and so will not be recognized as an inflow of resources (revenue) until it becomes available. The Town has recorded unavailable revenue as deferred inflows of resources in the governmental funds balance sheet. Unavailable revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

#### J. Interfund Receivables and Payables

During the course of operations, transactions occur between and within individual funds that may result in amounts owed between funds.

#### *Government-Wide Financial Statements*

Transactions of a buyer/seller nature between and within governmental funds and internal service funds are eliminated from the governmental activities in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of net position as "internal balances".

#### *Fund Financial Statements*

Transactions of a buyer/seller nature between and within funds are *not* eliminated from the individual fund statements. Receivables and payables resulting from these transactions are classified as "Due from other funds" or "Due to other funds" on the balance sheet.

#### K. Interfund Transfers

During the course of operations, resources are permanently reallocated between and within funds. These transactions are reported as transfers in and transfers out.

#### *Government-Wide Financial Statements*

Transfers between and within governmental funds and internal service funds are eliminated from the governmental activities in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of activities as "Transfers, net".

*Fund Financial Statements*

Transfers between and within funds are *not* eliminated from the individual fund statements and are reported as transfers in and transfers out.

L. Net Position and Fund Equity*Government-Wide Financial Statements (Net position)*

Net position reported as “net investment in capital assets” includes capital assets, net of accumulated depreciation, less the principal balance of outstanding debt used to acquire capital assets. Unspent proceeds of capital related debt are not considered to be capital assets. Outstanding debt related to future drawdowns from the Massachusetts Water Pollution Abatement Trust Loan Program are not considered to be capital related debt.

Net position are reported as restricted when amounts are not available for appropriation or are legally restricted by outside parties for a specific future use.

Net position has been “restricted for” the following:

“Permanent funds – expendable” represents the amount of realized and unrealized investment earnings of donor restricted trusts. The restrictions and trustee policies only allow the trustees to approve spending of the realized investment earnings.

“Permanent funds – nonexpendable” represents the endowment portion of donor restricted trusts.

“Grants and gifts” represents restrictions placed on assets from outside parties.

“Community preservation” represents amounts held for uses restricted by law for community preservation purposes.

*Fund Financial Statements (Fund Balances)*

Governmental fund balances are classified as nonspendable, restricted, committed, assigned, or unassigned based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The governmental fund balance classifications are as follows:

“Nonspendable” fund balance includes amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact.

“Restricted” fund balance includes amounts subject to constraints placed on the use of resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or that are imposed by law through constitutional provisions or enabling legislation.

“Committed” fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority. Town meeting is the highest level of decision making authority for the government that can, by adoption of an ordinance prior to the end of the year, committed fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

“Assigned” fund balance includes amounts that are constrained by the Town’s intent to be used for specific purposes but are neither restricted nor committed. The Board of Selectmen has by resolution authorized the Town Accountant to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.

“Unassigned” fund balance includes the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

Sometimes the Town will fund outlays for a particular purpose from different components of fund balance. In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balances in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. When different components of fund balance can be used for the same purpose, it is the Town’s policy to consider restricted fund balance to have been depleted first, followed by committed fund balance, and assigned fund balance. Unassigned fund balance is applied last.

#### M. Long-term debt

##### *Government-Wide and Proprietary Fund Financial Statements*

Long-term debt is reported as liabilities in the government-wide and proprietary fund statement of net position. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

##### *Governmental Fund Financial Statements*

The face amount of governmental funds long-term debt is reported as other financing sources. Bond premiums and discounts, as well as issuance costs, are recognized in the current period. Bond premiums are reported as other financing sources and bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual bond proceeds received, are reported as general government expenditures.

#### N. Investment Income

Excluding the permanent funds, investment income derived from major and nonmajor governmental funds is legally assigned to the general fund unless otherwise directed by Massachusetts General Law (MGL).

Investment income from Enterprise Funds is retained in the General Fund.

#### O. Compensated Absences

Employees are granted vacation and sick leave in varying amounts based on collective bargaining agreements, state laws and executive policies.

##### *Government-Wide and Proprietary Fund Financial Statements*

Vested or accumulated vacation and sick leave are reported as liabilities and expensed as incurred.

*Governmental Fund Financial Statements*

Vested or accumulated vacation and sick leave, which will be liquidated with expendable available financial resources, are reported as expenditures and fund liabilities upon maturity of the liability.

P. Use of Estimates*Government-Wide and Fund Financial Statements*

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of the revenues and expenditures/expenses during the year. Actual results could vary from estimates that were used.

Q. Fund Deficits

There are several individual fund deficits within the Special Revenue and the Capital Project Funds. These deficits will be funded by available funds, grants and bond proceeds.

R. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plymouth County Contributory Retirement System (System) and the Massachusetts Teachers' Retirement System and additions to/deductions from the Systems' fiduciary net position have been determined on the same basis as they are reported by the Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

S. Total Column*Government-Wide Financial Statements*

The total column presented on the government-wide financial statements represents consolidated financial information.

*Fund Financial Statements*

The total column on the fund financial statements is presented only to facilitate financial analysis. Data in this column is not the equivalent of consolidated financial information.

**NOTE 2 – CASH AND INVESTMENTS**

A cash and investment pool is maintained that is available for use by all funds. Each fund type's portion of this pool is displayed on the balance sheet as "Cash and Cash Equivalents". The deposits and investments of the trust funds are held separately from those of other funds.

Statutes authorize the investment in obligations of the U.S. Treasury, agencies, instrumentalities, certificates of deposit, repurchase agreements, money market accounts, bank deposits and the State Treasurer's Investment

Pool (the Pool). The Treasurer may also invest trust funds in securities, other than mortgages or collateral loans, which are legal for the investment of funds of savings banks under the laws of the Commonwealth.

The Pool meets the criteria of an external investment pool. The Pool is administered by the Massachusetts Municipal Depository Trust (MMDT), which was established by the Treasurer of the Commonwealth who serves as Trustee. The fair value of the position in the Pool is the same as the value of the Pool shares.

#### Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Town of Abington's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. At year-end, the carrying amount of deposits totaled \$18,607,450 and the bank balance totaled \$19,538,428. Of the bank balance, \$1,597,025 was covered by Federal Depository Insurance, \$12,054,794 was covered by the Depositor's Insurance Fund (DIF), and \$5,886,609 was exposed to custodial credit risk because it was uninsured and uncollateralized.

#### Investments

As of June 30, 2020, the Town's investments consisted solely of its investment with MMDT in the amount of \$22,716. This investment is not rated.

The Town participates in MMDT, which maintains a cash portfolio and a short-term bond fund with combined average maturities of approximately 3 months.

#### Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have an investment policy for custodial credit risk.

#### Interest Rate Risk

Investments are limited to the MMDT Cash Fund whose assets are managed to maintain a dollar-weighted average portfolio maturity of 90 days or less. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

#### Credit Risk

The Town has not adopted a formal policy related to Credit Risk.

#### Concentration of Credit Risk

The Town places no limit on the amount the government may invest in any one issuer.

#### Fair Value Measurement

The Town holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the Town's mission, the Town determines that the disclosures related to these investments only need to be disaggregated by major type. The Town chooses a narrative format for the fair value disclosures.

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in the active markets for identical assets; Level 2 inputs are significant other observable; Level 3 inputs are significant unobservable inputs.

The Town does not have any investments subject to fair value reporting.

The Town’s MMDT investments of \$22,716 are valued at amortized cost. Under the amortized cost method, an investment is valued initially at its cost and adjusted for the amount of interest income accrued each day over the term of the investment to account for any difference between the initial cost and the amount payable at its maturity. If amortized cost is determined not to approximate fair value, the value of the portfolio securities will be determined under procedures established by the Advisor.

**NOTE 3 – RECEIVABLES**

At June 30, 2020, receivables for the individual major governmental and enterprise fund activities, non-major governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
	<u>          </u>	<u>          </u>	<u>          </u>
<u>Receivables:</u>			
Real estate and personal property taxes..... \$	814,588	\$ (22,620)	\$ 791,968
Tax liens.....	730,182	-	730,182
Motor vehicle and other excise taxes.....	653,429	(123,615)	529,814
Intergovernmental.....	1,594,112	-	1,594,112
Departmental and other.....	601,842	(74,410)	527,432
Community preservation fund surtax.....	9,299	-	9,299
Community preservation state share.....	117,707	-	117,707
	<u>          </u>	<u>          </u>	<u>          </u>
Total..... \$	<u>4,521,159</u>	<u>\$ (220,645)</u>	<u>\$ 4,300,514</u>

At June 30, 2020, receivables for the enterprise funds consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
	<u>          </u>	<u>          </u>	<u>          </u>
<u>Receivables:</u>			
Water liens - user charges..... \$	22,120	\$ -	\$ 22,120
Water user charges.....	1,137,779	-	1,137,779
Sewer liens - user charges.....	27,935	-	27,935
Sewer user charges.....	979,300	-	979,300
Sewer special assessments.....	41,403	-	41,403
	<u>          </u>	<u>          </u>	<u>          </u>
Total..... \$	<u>2,208,537</u>	<u>\$ -</u>	<u>\$ 2,208,537</u>

Governmental funds report *deferred inflows of resources* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current year, the various components of *deferred inflows of resources* reported in the governmental funds were as follows:

	General Fund	Other Governmental Funds	Total
<u>Receivables:</u>			
Real estate and personal property taxes \$	433,481	-	\$ 433,481
Tax liens.....	730,182	-	730,182
Community preservation fund.....	-	127,006	127,006
Motor vehicle and other excise taxes....	529,814	-	529,814
Departmental and other.....	196,727	-	196,727
Intergovernmental.....	100,925	244,886	345,811
Tax foreclosures.....	685,923	-	685,923
 Total.....	 <u>\$ 2,677,052</u>	 <u>\$ 371,892</u>	 <u>\$ 3,048,944</u>

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 7,995,221	\$ -	-	\$ 7,995,221
Construction in progress.....	290,790	-	(290,790)	-
 Total capital assets not being depreciated.....	 8,286,011	 -	 (290,790)	 7,995,221
<u>Capital assets being depreciated:</u>				
Buildings and land improvements.....	119,551,106	641,592	-	120,192,698
Infrastructure.....	21,780,623	723,171	-	22,503,794
Machinery and equipment.....	6,637,300	220,404	-	6,857,704
Vehicles.....	811,633	274,274	-	1,085,907
Library & textbooks.....	1,449,132	-	-	1,449,132
Software.....	251,415	-	-	251,415
 Total capital assets being depreciated.....	 150,481,209	 1,859,441	 -	 152,340,650
<u>Less accumulated depreciation for:</u>				
Buildings and land improvements.....	(13,228,442)	(1,663,153)	-	(14,891,595)
Infrastructure.....	(12,844,042)	(550,631)	-	(13,394,673)
Machinery and equipment.....	(3,737,133)	(587,406)	-	(4,324,539)
Vehicles.....	(445,796)	(127,486)	-	(573,282)
Library & textbooks.....	(286,146)	(162,745)	-	(448,891)
Software.....	(159,469)	(27,527)	-	(186,996)
 Total accumulated depreciation.....	 (30,701,028)	 (3,118,948)	 -	 (33,819,976)
 Total capital assets being depreciated, net.....	 119,780,181	 (1,259,507)	 -	 118,520,674
 Total governmental activities capital assets, net.....	 <u>\$ 128,066,192</u>	 <u>\$ (1,259,507)</u>	 <u>\$ (290,790)</u>	 <u>\$ 126,515,895</u>

**Business-Type Activities**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Water:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 180,366	\$ -	\$ -	\$ 180,366
Construction in progress.....	9,951	-	(9,951)	-
Total capital assets not being depreciated....	<u>190,317</u>	<u>-</u>	<u>(9,951)</u>	<u>180,366</u>
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	71,717	-	-	71,717
Machinery and equipment.....	1,342,831	20,685	-	1,363,516
Vehicles.....	65,598	-	-	65,598
50% Joint waterworks.....	6,217,715	-	-	6,217,715
Infrastructure.....	11,920,210	237,017	-	12,157,227
Total capital assets being depreciated.....	<u>19,618,071</u>	<u>257,702</u>	<u>-</u>	<u>19,875,773</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(10,657)	(2,891)	-	(13,548)
Machinery and equipment.....	(874,731)	(31,311)	-	(906,042)
Vehicles.....	(6,575)	(3,280)	-	(9,855)
50% Joint Waterworks.....	(1,445,613)	(147,469)	-	(1,593,082)
Infrastructure.....	(6,140,585)	(286,033)	-	(6,426,618)
Total accumulated depreciation.....	<u>(8,478,161)</u>	<u>(470,984)</u>	<u>-</u>	<u>(8,949,145)</u>
Total capital assets being depreciated, net.....	<u>11,139,910</u>	<u>(213,282)</u>	<u>-</u>	<u>10,926,628</u>
Total water activities capital assets, net.....	<u>\$ 11,330,227</u>	<u>\$ (213,282)</u>	<u>\$ (9,951)</u>	<u>\$ 11,106,994</u>
<b>Sewer:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 64,635	\$ -	\$ -	\$ 64,635
<u>Capital assets being depreciated:</u>				
Land improvements.....	19,050	-	-	19,050
Buildings and improvements.....	940,900	-	-	940,900
Vehicles.....	166,291	-	-	166,291
Infrastructure.....	41,415,750	126,923	-	41,542,673
Total capital assets being depreciated.....	<u>42,541,991</u>	<u>126,923</u>	<u>-</u>	<u>42,668,914</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(444,819)	(24,441)	-	(469,260)
Vehicles.....	(59,117)	(22,168)	-	(81,285)
Infrastructure.....	(22,710,436)	(864,185)	-	(23,574,621)
Total accumulated depreciation.....	<u>(23,214,372)</u>	<u>(910,794)</u>	<u>-</u>	<u>(24,125,166)</u>
Total capital assets being depreciated, net.....	<u>19,327,619</u>	<u>(783,871)</u>	<u>-</u>	<u>18,543,748</u>
Total sewer activities capital assets, net.....	<u>\$ 19,392,254</u>	<u>\$ (783,871)</u>	<u>\$ -</u>	<u>\$ 18,608,383</u>

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Golf:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 1,177,000	\$ -	\$ -	\$ 1,177,000
<u>Capital assets being depreciated:</u>				
Land improvements.....	35,000	-	-	35,000
Buildings.....	198,967	-	-	198,967
Machinery and equipment.....	399,675	18,194	-	417,869
Total capital assets being depreciated.....	633,642	18,194	-	651,836
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(875)	-	-	(875)
Buildings.....	(115,515)	(4,974)	-	(120,489)
Machinery and equipment.....	(120,251)	(19,083)	-	(139,334)
Total accumulated depreciation.....	(236,641)	(24,057)	-	(260,698)
Total capital assets being depreciated, net.....	397,001	(5,863)	-	391,138
Total golf activities capital assets, net.....	\$ 1,574,001	\$ (5,863)	\$ -	\$ 1,568,138

Depreciation expense was charged to functions/programs of the primary government as follows:

**Governmental Activities:**

General government.....	\$ 90,081
Public safety.....	669,467
Education.....	1,597,074
Public works.....	623,405
Health and human services.....	50,701
Culture and recreation.....	88,220

Total depreciation expense - governmental activities..... \$ 3,118,948

**Business-Type Activities:**

Water.....	\$ 470,984
Sewer.....	910,794
Golf course.....	24,057

Total depreciation expense - business-type activities..... \$ 1,405,835

**NOTE 5 – INTERFUND TRANSFERS**

Interfund transfers for the year ended June 30, 2020, are summarized as follows:

Transfers Out:	Transfers In:			Total
	General Fund	Other Capital Projects	Ambulance Enterprise Fund	
General Fund.....	\$ -	\$ 100,880	\$ 2,737	\$ 103,617 (1)
Nonmajor Governmental Funds.....	150,000	-	-	150,000 (2)
<b>Total.....</b>	<b>\$ 150,000</b>	<b>\$ 100,880</b>	<b>\$ 2,737</b>	<b>\$ 253,617</b>

- 1) The general fund transfers out to other capital project funds represent transfers to fund landfill monitoring and the purchase of a new fire truck. The general fund transfer out to the ambulance enterprise fund represents a transfer to fund the remaining deficit in the ambulance enterprise fund.
- 2) The nonmajor governmental fund transfer to the general fund represents a transfer of the account surplus from the building department revolving fund.

**NOTE 7 – SHORT-TERM FINANCING**

Short-term debt may be authorized and issued to fund the following:

- Current operating costs prior to the collection of revenues through issuance of revenue or tax anticipation notes (RANS or TANS).
- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BANS) or grant anticipation notes (GANS).

Short-term debt is general obligations and carries maturity dates that are limited by statute. Interest expenditures and expenses for short-term borrowings are accounted for in the general and enterprise funds.

Details related to the Town’s outstanding short-term indebtedness at June 30, 2020, and the debt service requirements follow.

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2019	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2020
<b>Governmental Funds:</b>							
BAN	Municipal Purpose....	2.65%	11/21/19	\$ 16,000	\$ -	\$ (16,000)	\$ -
BAN	Municipal Purpose....	2.29%	02/28/20	600,000	-	(600,000)	-
BAN	Municipal Purpose....	2.24%	05/22/20	311,548	-	(311,548)	-
BAN	Municipal Purpose....	1.41%	05/21/21	-	539,983	-	539,983
BAN	Municipal Purpose....	1.50%	02/26/21	-	953,130	-	953,130
Total Governmental Funds.....				\$ 927,548	\$ 1,493,113	\$ (927,548)	\$ 1,493,113

**NOTE 8 - LONG-TERM DEBT**

Under the provisions of Chapter 44, Section 10, Municipal Law authorizes indebtedness up to a limit of 5% of the equalized valuation. Debt issued in accordance with this section of the law is designated as being "inside the debt limit". In addition, however, debt may be authorized in excess of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit".

Details related to the outstanding indebtedness at June 30, 2020, and the debt service requirements are as follows:

**Bonds Payable Schedule – Governmental Funds**

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2020
School Construction.....	2041	\$ 36,000,000	3.58	\$ 30,240,000
Police Station - refunding.....	2027	2,900,000	2.00-5.00	2,025,000
Senior Center - refunding.....	2028	860,000	2.00-5.00	690,000
School Remodeling - refunding.....	2028	955,000	2.00-5.00	765,000
School Construction.....	2040	9,460,000	2.00-4.00	8,215,000
 Total Bonds Payable.....				41,935,000
 Add: Unamortized premium on bonds.....				1,353,601
 Total Bonds Payable, net.....				\$ 43,288,601

Debt service requirements for principal and interest for Governmental bonds payable in future years are as follows:

Year	Principal	Interest	Total
2021.....	\$ 2,335,000	\$ 1,508,875	\$ 3,843,875
2022.....	2,335,000	1,396,275	3,731,275
2023.....	2,340,000	1,283,675	3,623,675
2024.....	2,330,000	1,170,825	3,500,825
2025.....	2,320,000	1,075,225	3,395,225
2026.....	2,315,000	979,925	3,294,925
2027.....	2,290,000	896,475	3,186,475
2028.....	2,030,000	828,175	2,858,175
2029.....	1,850,000	767,275	2,617,275
2030.....	1,850,000	711,775	2,561,775
2031.....	1,850,000	656,275	2,506,275
2032.....	1,850,000	593,575	2,443,575
2033.....	1,850,000	523,675	2,373,675
2034.....	1,850,000	460,075	2,310,075
2035.....	1,850,000	401,750	2,251,750
2036.....	1,850,000	342,525	2,192,525
2037.....	1,850,000	281,500	2,131,500
2038.....	1,850,000	218,550	2,068,550
2039.....	1,850,000	154,700	2,004,700
2040.....	1,850,000	89,950	1,939,950
2041.....	1,440,000	25,200	1,465,200
Total.....	\$ <u>41,935,000</u>	\$ <u>14,366,275</u>	\$ <u>56,301,275</u>

The Commonwealth has approved school construction assistance. The assistance program, which is administered by the MSBA, is paid to the community to support construction costs and reduce the total debt service of the Town. The Town has been approved for funding by the MSBA for the construction of a new middle/high school totaling \$96.4 million. Through the end of 2020, the Town has recorded capital grant proceeds totaling \$47.1 million from the MSBA which is equal to 58.97% of approved construction costs submitted for reimbursement. As of June 30, 2020, a receivable of \$1.0 million has been reflected in the financial statements.

**Bonds Payable Schedule – Water Enterprise Fund**

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2020
Water Building Construction.....	2021	950,000	2.50-4.00	\$ 95,000
Water Main Bonds.....	2036	2,000,000	2.00-4.00	1,600,000
Water Main Bonds 2018.....	2038	1,000,000	3.00-5.00	900,000
Subtotal General Obligation Bonds Payable.....				2,595,000
Water (MCWT) DW-04-17.....	2026	\$ 380,167	2.00	120,690
Water (MCWT) DW-06-09.....	2028	1,970,881	2.00	842,851
Water (MCWT) DW-04-17-A.....	2029	177,933	2.00	88,599
Water (MCWT) DW-04-17-B.....	2026	27,391	2.00	10,709
Water (MCWT) DW-06-09-A.....	2031	1,258,592	2.00	734,499
Water (MCWT) DW-08-25.....	2031	1,008,302	2.00	603,984
Water (MCWT) DW-08-25.....	2033	510,745	2.00	271,761
Subtotal Direct Borrowings Payable.....				2,673,093
Total Bonds Payable, net.....				\$ 5,268,093

Debt service requirements for principal and interest for Water Enterprise Fund bonds payable in future years are as follows:

Year	General Obligation Bonds Payable:		
	Principal	Interest	Total
2021.....	\$ 245,000	\$ 76,900	\$ 321,900
2022.....	150,000	70,000	220,000
2023.....	150,000	65,000	215,000
2024.....	150,000	60,000	210,000
2025.....	150,000	55,500	205,500
2026.....	150,000	51,000	201,000
2027.....	150,000	46,500	196,500
2028.....	150,000	42,000	192,000
2029.....	150,000	37,250	187,250
2030.....	150,000	33,500	183,500
2031.....	150,000	29,750	179,750
2032.....	150,000	25,625	175,625
2033.....	150,000	21,500	171,500
2034.....	150,000	17,375	167,375
2035.....	150,000	12,750	162,750
2036.....	150,000	8,063	158,063
2037.....	50,000	3,375	53,375
2038.....	50,000	1,688	51,688
Total.....	\$ <u>2,595,000</u>	\$ <u>657,776</u>	\$ <u>3,252,776</u>

Year	Direct Borrowings:		
	Principal	Interest	Total
2021.....	\$ 256,234	\$ 51,881	\$ 308,115
2022.....	261,437	46,608	308,045
2023.....	266,743	41,229	307,972
2024.....	272,160	35,741	307,901
2025.....	277,685	30,140	307,825
2026.....	283,322	24,426	307,748
2027.....	265,599	18,830	284,429
2028.....	270,994	13,359	284,353
2029.....	161,342	8,983	170,325
2030.....	153,766	5,835	159,601
2031.....	156,903	2,734	159,637
2032.....	23,202	938	24,140
2033.....	23,706	476	24,182
Total.....	\$ <u>2,673,093</u>	\$ <u>281,180</u>	\$ <u>2,954,273</u>

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2020, the Town had the following authorized and unissued debt:

Purpose	Amount
Memorial Arch.....	\$ 8,832
Landfill Capping.....	95,000
Middle/High School Construction.....	48,441,657
Fire Station Feasibility.....	11,425
Ambulance.....	445
<b>Total.....</b>	<b>\$ 48,557,359</b>

Changes in Long-term Liabilities

During the year ended June 30, 2020, the following changes occurred in long-term liabilities:

	Beginning Balance	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Increases	Other Decreases	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>							
Long-term bonds payable.....	\$ 44,265,000	\$ -	\$ (2,330,000)	\$ -	\$ -	\$ 41,935,000	\$ 2,335,000
Add: Unamortized premium on bonds.....	1,496,763	-	-	-	(143,162)	1,353,601	134,284
Total bonds payable.....	45,761,763	-	(2,330,000)	-	(143,162)	43,288,601	2,469,284
Landfill closure.....	4,080,000	-	-	598,500	(400,000)	4,278,500	25,000
Compensated absences.....	1,467,457	-	-	533,484	(456,991)	1,543,950	440,617
Net pension liability.....	25,989,480	-	-	913,618	(2,439,605)	24,463,493	-
Other postemployment benefits.....	77,200,386	-	-	4,815,600	(2,209,602)	79,806,384	-
Total governmental activity long-term liabilities.....	\$ 154,499,086	\$ -	\$ (2,330,000)	\$ 6,861,202	\$ (5,649,360)	\$ 153,380,928	\$ 2,934,901
<b>Business-Type Activities:</b>							
Long-term general obligation bonds payable...	\$ 2,840,000	\$ -	\$ (245,000)	\$ -	\$ -	\$ 2,595,000	\$ 245,000
Long-term direct borrowings payable.....	2,924,229	-	(251,136)	-	-	2,673,093	256,234
Total bonds payable.....	5,764,229	-	(496,136)	-	-	5,268,093	501,234
Capital lease obligations.....	-	-	-	-	-	-	-
Landfill closure.....	-	-	-	-	-	-	-
Compensated absences.....	58,375	-	-	44,320	(35,063)	67,632	38,584
Net pension liability.....	516,184	-	-	72,464	(53,379)	535,269	-
Other postemployment benefits.....	741,984	-	-	25,497	(13,716)	753,765	-
Total business-type activity long-term liabilities.....	\$ 7,080,772	\$ -	\$ (496,136)	\$ 142,281	\$ (102,158)	\$ 6,624,759	\$ 539,818

The General Fund and Enterprise Funds have been used to liquidate any long-term liabilities.

**NOTE 9 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS**

Massachusetts General Law Ch.40 §5B allows for the establishment of Stabilization funds for one or more different purposes. The creation of a fund requires a two-thirds vote of the legislative body and must clearly define the purpose of the fund. Any change to the purpose of the fund along with any additions to or appropriations from the fund requires a two-thirds vote of the legislative body.

At year end, the balance of the General Stabilization Fund is \$3,221,830 and is reported as unassigned fund balance within the General Fund.

GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The Town has reported principal portions of endowment funds as nonspendable.

In addition to the nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints. The Town has classified its fund balances within the following hierarchy of applicable categories:

- **Restricted:** fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- **Committed:** fund balances that contain self-imposed constraints of the government from its highest level of decision making authority.
- **Assigned:** fund balances that contain self-imposed constraints of the government to be used for a particular purpose.
- **Unassigned:** fund balance of the general fund that is not constrained for any particular purpose.

As of June 30, 2020, the governmental fund balances consisted of the fund balances in the following chart:

	General	Middle/ High School Construction	Other Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:					
Nonspendable:					
Permanent fund principal.....	\$ -	\$ -	\$ -	\$ 69,778	\$ 69,778
Restricted for:					
Middle/high school construction.....	-	477,889	-	-	477,889
Revolving and receipts reserved activities...	-	-	-	734,091	734,091
Private/local gifts and grants.....	-	-	-	144,004	144,004
Federal grant funds.....	-	-	-	3,154	3,154
State grant fund.....	-	-	-	621,332	621,332
Community preservation fund.....	-	-	-	906,227	906,227
School lunch.....	-	-	-	268,677	268,677
Other special revenue.....	-	-	-	148,536	148,536
Student transportation.....	-	-	-	39,513	39,513
Other permanent funds activities.....	-	-	-	90,798	90,798
Committed to:					
Articles and continuing appropriations:					
General government.....	64,620	-	-	-	64,620
Education.....	85,000	-	-	-	85,000
Public works.....	65,793	-	-	-	65,793
Assigned to:					
Encumbrances:					
General government.....	76,254	-	-	-	76,254
Public safety.....	1,588	-	-	-	1,588
Education.....	26,464	-	-	-	26,464
Employee benefits.....	3,106	-	-	-	3,106
Unassigned.....	4,937,966	-	(934,998)	-	4,002,968
<b>Total Fund Balances.....</b>	<b>\$ 5,260,791</b>	<b>\$ 477,889</b>	<b>\$ (934,998)</b>	<b>\$ 3,026,110</b>	<b>\$ 7,829,792</b>

**NOTE 10 – LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS**

State and federal laws require the Town to construct a final capping system on its inactive landfill and to perform certain maintenance and monitoring functions at the site after closure. The Town stopped accepting waste and closed the site in accordance with regulations in place at that time. Recently the Town was compelled to provide for the capping and monitoring of its landfill by an administrative consent order issued by the Department of Environmental Protection. The Town completed a study in order to estimate the cost of landfill closure and post closure care costs, which began in 2011. As a result, the estimate of \$4,278,500 has been recorded as a liability in the entity-wide financial statements. Actual costs may be higher due to inflation, changes in technology, or changes in applicable laws or regulations.

**NOTE 11 – RISK FINANCING**

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. The amount of claim settlements has not exceeded insurance coverage in any of the previous three years.

The Town became self-insured for its health insurance activities during 2018. These activities are accounted for in the Internal Service Fund. Health insurance claims are administered in house and are funded on a pay-as-you-go basis from annual appropriations. The estimated future health claims liability is based on history and injury type. At June 30, 2020, the amount of the liability for health insurance claims totaled \$427,269.

Changes in the reported liability since July 1, 2018, are as follows:

	Balance at Beginning of Year		Current Year Claims and Changes in Estimate		Claims Payments		Balance at Year-End
2019.....	\$ 311,064	\$	7,634,758	\$	(7,710,400)	\$	235,422
2020.....	235,422		8,627,825		(8,435,978)		427,269

**NOTE 12 - PENSION PLAN**

*Plan Descriptions*

The Town is a member of the Plymouth County Contributory Retirement System (PCCRS), a cost-sharing multiple-employer defined benefit pension plan covering eligible employees of the 59 member units. The system is administered by five board members (Board) on behalf of all current employees and retirees except for current teachers and retired teachers. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The audited financial report may be obtained by visiting <http://www.pcr-ma.org>.

The Town is a member of the Massachusetts Teachers’ Retirement System (MTRS), a cost-sharing multi-employer defined benefit plan. MTRS is managed by the Commonwealth of Massachusetts (Commonwealth) on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for 100% of the contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational collaboratives and Quincy College. The MTRS is part of the Commonwealth’s reporting entity and the audited financial report may be obtained by visiting <http://www.mass.gov/osc/publications-and-reports/financial-reports/>.

### *Special Funding Situation*

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the Town to the MTRS. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based on each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2019. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$5,997,482 is reported in the general fund as intergovernmental revenue and employee benefits and other fixed charges in the current year. The portion of the Commonwealth's collective net pension liability associated with the Town is \$49,456,690 as of the measurement date.

### *Benefits Provided*

Both Systems provide retirement, disability, survivor and death benefits to plan members and beneficiaries. Massachusetts Contributory Retirement System benefits are, with certain minor exceptions, uniform from system to system. The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For persons who became members on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification. Members become vested after ten years of creditable service.

Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total deductions. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System.

There were no changes in benefit terms that affected the total pension liability at December 31, 2019.

### *Contributions*

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute to the System at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the PCCRS a legislatively mandated actuarially determined contribution that is apportioned among the employers based on active current payroll. The Town's proportionate share of the required contribution equaled its actual contribution for the year ended December 31, 2019, was \$2,492,984, 21.56% of covered payroll, actuarially determined as an amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The required contribution is payable on July 1 and January 1. Employers may choose to pay the entire appropriation in July at a discounted rate. Accordingly, actual contributions may be less than the required contributions.

*Pension Liabilities*

At June 30, 2020, the Town reported a liability of \$24,998,762 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2019, the Town's proportion was 3.664%, which increased from its 3.605% proportion measured at December 31, 2018.

*Pension Expense*

For the year ended June 30, 2020, the Town recognized pension expense of \$4,049,371. At June 30, 2020, the Town reported deferred outflows of resources related to pensions of \$3,801,613. The Town also reported deferred inflows of resources related to pensions of \$862,016.

The balances of deferred outflows and inflows at June 30, 2020, consist of the following:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 3,040,520	\$ (563,515)	\$ 2,477,005
Changes in assumptions.....	418,678	(87,257)	331,421
Changes in proportion and proportionate share of contributions...	342,415	(211,244)	131,171
Total deferred outflows/(inflows) of resources.....	\$ 3,801,613	\$ (862,016)	\$ 2,939,597

The deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2021.....	\$ 1,124,354
2022.....	1,117,020
2023.....	1,251,972
2024.....	(553,749)
	\$ 2,939,597

*Actuarial Assumptions*

The total pension liability was determined by an actuarial valuation as of January 1, 2020, using the following actuarial assumptions, rolled back and applied to all periods included in the measurement date of December 31, 2019:

Valuation date.....	January 1, 2020
Actuarial cost method.....	Individual Entry Age Normal Cost Method.
Asset valuation method.....	Assets held by the fund are valued at market value as reported by the Public Employees' Retirement Administration Commission (PERAC). The actuarial value of assets is determined using a five-year smoothing of asset returns greater than or less than the assumed rate of return, with a 20% corridor.
Projected salary increases.....	3.75% per year.
Cost of living adjustments.....	3.0% of the first \$16,000 of retirement income. Previously \$14,000.
Rates of disability.....	For general employees, it was assumed that 45% of all disabilities are ordinary (55% are service connected). For police and fire employees, 10% of all disabilities are assumed to be ordinary (90% are service connected).
Mortality rates.....	It is assumed that both pre-retirement mortality and beneficiary mortality is represented by the RP-2014 Blue Collar Mortality with Scale MP-2016, fully generational. Mortality for retired members for Group 1 and 2 is represented by the RP-2014 Blue Collar Mortality Table set forward five years for males and 3 years for females, fully generational. Mortality for retired members for Group 4 is represented by the RP-2014 Blue Collar Mortality Table set forward three years for males, and six years for females, fully generational. Mortality for disabled members for Group 1 and 2 is represented by the RP-2000 Mortality Table set forward six years. Mortality for disabled members for Group 4 is represented by the RP-2000 Mortality Table set forward two years. Generational adjusting is based on Scale MP-2016.
Investment rate of return/Discount rate.....	7.875% nominal rate, net of investment expense.

*Investment policy*

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Board and is pursuant to Massachusetts General Laws and Public Employee Retirement Administration guidelines. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of January 1, 2020, are summarized in the following table:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity.....	26.00%	7.40%
International developed equity.....	6.00%	7.90%
Emerging markets equity.....	10.00%	9.10%
Global equity.....	10.00%	7.80%
Core bonds.....	9.00%	3.00%
Value-added fixed income.....	6.00%	4.90%
Hedge funds.....	4.00%	4.00%
Real estate.....	10.00%	7.50%
Private equity.....	13.00%	9.40%
Real assets.....	6.00%	7.50%
Total.....	100.00%	

*Rate of return*

For the year ended December 31, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 16.88%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*Discount rate*

The discount rate used to measure the total pension liability was 7.875%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the net pension liability to changes in the discount rate*

The following presents the net pension liability, calculated using the discount rate of (7.875%), as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.875%) or 1-percentage-point higher (8.875%) than the current rate:

	1% Decrease (6.875%)	Current Discount (7.875%)	1% Increase (8.875%)
The Town's proportionate share of the net pension liability.....	\$ 33,998,103	\$ 24,998,762	\$ 20,610,881

**NOTE 13 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

*Plan Description* – The Town of Abington administers a single-employer defined benefit healthcare plan (“the Retiree Health Plan”). The plan provides lifetime healthcare and life insurance for eligible retirees and their spouses through the Town’s group health and life insurance plans, which covers both active and retired members. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the plan. Benefit provisions are negotiated between the Town and the unions representing Town employees and are renegotiated each bargaining period. The Retiree Health Plan does not issue a publicly available financial report.

*Summary of Significant Accounting Policies* – For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts (repurchase agreements) that have a maturity at the time of purchase of one year or less, which are reported at cost.

*Funding Policy* – Contribution requirements are also negotiated between the Town and union representatives. The required contribution is based on a pay-as-you-go financing requirement. The Town contributes 55-75 percent of the cost of current-year medical premiums for eligible retired plan members and their spouses and 50 percent of medical premiums for surviving spouses. The Town also contributes 50 percent of premiums for life insurance to all eligible retired plan members, their spouses and surviving spouses. Plan members receiving benefits contribute the remaining premium costs. For 2020, the Town contributed \$2,223,318 for current benefits.

The Commonwealth of Massachusetts passed special legislation that has allowed the Town to establish a postemployment benefit trust fund and enabled the Town to raise taxes necessary to begin prefunding its OPEB liabilities. These funds are reported within the Fiduciary Funds financial statements. As of June 30, 2020, the balance of this fund totaled \$273,513.

*Employees Covered by Benefit Terms* – The following table represents the Plan’s membership at July 1, 2018:

Active members.....	400
Inactive members currently receiving benefits.....	<u>356</u>
Total.....	<u><u>756</u></u>

*Components of OPEB Liability* – The following table represents the components of the Plan’s OPEB liability as of June 30, 2020:

Total OPEB liability.....	\$ 80,833,662
Less: OPEB plan's fiduciary net position.....	<u>(273,513)</u>
Net OPEB liability.....	\$ <u><u>80,560,149</u></u>
The OPEB plan's fiduciary net position	
as a percentage of the total OPEB liability.....	0.34%

*Significant Actuarial Methods and Assumptions* – The total OPEB liability in the July 1, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified, that was updated to June 30, 2020, to be in accordance with GASB Statement #74 and Statement #75:

Valuation date.....	July 1, 2018
Actuarial cost method.....	Individual Entry Age Normal Cost Method.
Asset valuation method.....	Market value of assets as of the reporting date, June 30, 2020.
Investment rate of return.....	2.50%, net of OPEB plan investment expense, including inflation.
Municipal bond rate.....	2.66% as of June 30, 2020 (source: S&P Municipal Bond 20-Year High Grade Index - SAPIHG).
Discount rate.....	2.75%, net of OPEB plan investment expense, including inflation.
Inflation rate.....	2.50% as of June 30, 2019 and for future periods.
Projected salary increases.....	3.00% annually as of June 30, 2019 and for future periods.

Pre-retirement mortality.....	<p>General: RP-2000 Employees Mortality Table projected generationally with scale BB and a base year 2009 for males and females.</p> <p>Teachers: RP-2000 Employees Mortality Table projected generationally with scale BB and a base year 2009 for males and females.</p>
Post-retirement mortality.....	<p>General: RP-2000 Healthy Annuitant Mortality Table projected generationally with scale BB and a base year 2009 for males and females.</p> <p>Teachers: RP-2000 Healthy Annuitant Mortality Table projected generationally with scale BB and a base year 2009 for males and females.</p>
Disabled mortality.....	<p>General: RP-2000 Healthy Annuitant Mortality Table projected generationally with scale BB and a base year 2012 for males and females.</p> <p>Teachers: RP-2000 Healthy Annuitant Mortality Table projected generationally with scale BB and a base year 2012 for males and females.</p>

*Rate of return* – For the year ended June 30, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 1.32%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Currently, the Plan is holding 100% of its trust fund assets in cash, which has an expected return of 0.0%. Therefore, the expected future real rate of return is 2.50%, which is derived by adding 0.0% to inflation of 2.50%. The Town is expected to develop a long-term investment policy in the future.

*Discount rate* – The discount rate used to measure the total OPEB liability was 2.75% as of June 30, 2020, and June 30, 2019. The discount rate is a blending of the long-term expected rate of return on OPEB trust fund assets and a yield or index rate using the S&P Municipal Bond 20-Year High Grade Index (2.66% for 2020 and 2.79% for 2019).

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2019.....	\$ 78,212,332	\$ 269,962	\$ 77,942,370
Changes for the year:			
Service cost.....	2,855,722	-	2,855,722
Interest.....	2,199,008	-	2,199,008
Differences between expected and actual experience...	(994,800)	-	(994,800)
Changes in assumptions and other inputs.....	784,718	-	784,718
Contributions - employer.....	-	2,223,318	(2,223,318)
Net investment income.....	-	3,551	(3,551)
Benefit payments.....	(2,223,318)	(2,223,318)	-
Net change.....	2,621,330	3,551	2,617,779
Balance at June 30, 2020.....	\$ <u>80,833,662</u>	\$ <u>273,513</u>	\$ <u>80,560,149</u>

*Sensitivity of the Net OPEB Liability to Changes in the Discount Rate* – The following table presents the net other postemployment benefit liability and service cost, calculated using the discount rate of 2.75%, as well as what the net other postemployment benefit liability and service cost would be if it were calculated using a discount rate that is 1-percentage-point lower (1.75%) or 1-percentage-point higher (3.75%) than the current rate.

	1% Decrease (1.75%)	Current Discount Rate (2.75%)	1% Increase (3.75%)
	Net OPEB liability.....	\$ <u>95,498,674</u>	\$ <u>80,560,149</u>

*Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend* – The following table presents the net other postemployment benefit liability and service cost, calculated using the current healthcare trend rate of 4.50%, as well as what the net other postemployment benefit liability and service cost would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower (3.50%) or 1-percentage-point higher (5.50%).

	1% Decrease (3.50%)	Current Trend (4.50%)	1% Increase (5.50%)
	Net OPEB liability.....	\$ <u>67,803,535</u>	\$ <u>80,560,149</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2020, the GASB Statement #75 measurement date, the Town recognized OPEB expense of \$3,731,027. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ -	\$ (4,925,141)	\$ (4,925,141)
Difference between projected and actual earnings.....	6,690	-	6,690
Changes in assumptions.....	<u>8,069,353</u>	<u>-</u>	<u>8,069,353</u>
Total deferred outflows/(inflows) of resources.....	<u>\$ 8,076,043</u>	<u>\$ (4,925,141)</u>	<u>\$ 3,150,902</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Measurement date year ended June 30:</u>	
2021.....	\$ 906,364
2022.....	906,362
2023.....	905,491
2024.....	452,477
2025.....	<u>(19,792)</u>
Total.....	<u>\$ 3,150,902</u>

*Changes of Assumptions*

None.

*Changes in Plan Provisions*

None.

**NOTE 14 - COMMITMENTS**

The Town has entered into, or is planning to enter into, contracts totaling approximately \$48.6 million for various governmental projects. These projects will be funded in future years through the issuance of long-term debt.

**NOTE 15 - CONTINGENCIES**

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards through June 30, 2020, these

programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is expected such amounts, if any, will be immaterial.

Various legal actions and claims are pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2020, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2020.

**NOTE 16 – SOUTHFIELD REDEVELOPMENT AUTHORITY**

On August 14, 1998, Chapter 301 of the Acts of 1998 was enacted that established the South Shore Tri-Town Development Corporation (SSTTDC), a joint venture between the Towns of Abington, Weymouth, and Rockland. The purpose of the SSTTDC is to develop the land previously known as the South Weymouth Naval Air Base and occupied by the United States Navy. In the future, the Town may pledge its full faith and credit to back certain long-term financing of the SSTTDC. The Corporation was reestablished in August 2014 as the Southfield Redevelopment Authority to reinforce municipal control over land-use and development decisions affecting each of the three member communities.

**NOTE 17 – RESTATEMENT OF NET POSITION PREVIOUSLY REPORTED**

Beginning net position of the governmental and business-type activities have been restated as the ambulance enterprise fund has been closed and the corresponding activity is now being reported in the general fund. Accordingly, receivables of \$189,159 and net capital assets of \$152,766 previously reported in the ambulance enterprise fund are now being reported in the general fund, resulting in a beginning balance restatement of \$341,925.

	06/30/2019 Previously Reported Balances	Adjustments	06/30/2019 Restated Balances
<b>Government-Wide Financial Statements</b>			
Governmental activities.....	\$ (4,623,232)	\$ 341,925	\$ (4,281,307)
Business-type activities.....	<u>32,836,329</u>	<u>(341,925)</u>	<u>32,494,404</u>
Total.....	<u>\$ 28,213,097</u>	<u>\$ -</u>	<u>\$ 28,213,097</u>
<b>Business-type Activities - Enterprise Funds</b>			
Ambulance enterprise fund.....	<u>\$ 339,188</u>	<u>\$ (341,925)</u>	<u>\$ (2,737)</u>

**NOTE 18 – COVID-19**

On March 10, 2020, the Massachusetts Governor declared a state of emergency in response to the coronavirus outbreak. The World Health Organization officially declared the novel Coronavirus (COVID-19) a pandemic the following day. In an attempt to slow the spread of COVID-19, governments issued various stay at home orders that caused global economic shutdowns and substantial financial market impact. Starting in March 2020, the Governor continued to issue orders allowing governments to operate and carry out essential functions safely.

These included modifying the state's Open Meeting Law, issuing a stay-at-home order, and introducing a phased approach to reopening State businesses. The Town is considered an essential business and although it was closed to the public for a period of time, departments remained operational and most employees continued to perform their daily duties.

A number of businesses have been forced to stop or significantly reduce operations decreasing, the Town's portion of certain revenue. The Town has also incurred unanticipated costs specifically related to the pandemic.

On March 27, 2020, the United States Federal Government established the Coronavirus Aid, Relief and Economic Security (CARES) Act in response to the economic downfall caused by the COVID-19 pandemic. This Act requires that the payment from these funds be used only to cover expenses that; are necessary expenditures incurred due to the public health emergency with respect COVID-19; were not accounted for in the budget most recently approved as of March 27, 2020; and were incurred during the period that begins on March 1, 2020, and ends on December 31, 2021. The Commonwealth and communities throughout the Commonwealth were awarded a portion of this federal funding. In addition to funding from the CARES Act, there are several other federal and state grants available.

The full extent of the financial impact cannot be determined as of the date of the financial statements.

#### **NOTE 19 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through February 25, 2021, which is the date the financial statements were available to be issued.

#### **NOTE 20 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS**

During 2020, the following GASB pronouncement was implemented:

- GASB Statement #95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This pronouncement postponed the effective dates of certain provisions in GASB Statements and Implementation Guides that first became effective or are scheduled to be effective for periods beginning after June 15, 2018 or later.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #84, *Fiduciary Activities*, which is required to be implemented in 2021.
- The GASB issued Statement #87, *Leases*, which is required to be implemented in 2022.
- The GASB issued Statement #89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which is required to be implemented in 2022.
- The GASB issued Statement #90, *Majority Equity Interests – an amendment of GASB Statements #14 and #61*, which is required to be implemented in 2021.
- The GASB issued Statement #91, *Conduit Debt Obligations*, which is required to be implemented in 2023.
- The GASB issued Statement #92, *Omnibus 2020*, which is required to be implemented in 2022.

- The GASB issued Statement #93, *Replacement of Interbank Offered Rates*, which is required to be implemented in 2022.
- The GASB issued Statement #94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which is required to be implemented in 2023.
- The GASB issued Statement #96, *Subscription-Based Information Technology Arrangements*, which is required to be implemented in 2023.
- The GASB issued Statement #97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, in which certain paragraphs are required to be implemented in 2021 and 2022.

Management is currently assessing the impact the implementation of these pronouncements will have on the basic financial statements.

# Required Supplementary Information

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Current Year Initial Budget	Original Budget	Final Budget			
<b>REVENUES:</b>						
Real estate and personal property taxes, net of tax refunds.....	\$ 37,238,397	\$ 37,238,397	\$ 37,238,397	\$ 36,577,342	\$ -	\$ (661,055)
Tax liens.....	-	-	-	230,978	-	230,978
Motor vehicle and other excise taxes.....	2,531,824	2,531,824	2,531,824	2,392,648	-	(139,176)
Meals tax.....	340,000	340,000	340,000	319,392	-	(20,608)
Intergovernmental.....	11,381,104	11,381,104	11,381,104	11,585,597	-	204,493
Departmental and other.....	2,135,000	2,135,000	2,135,000	1,842,758	-	(292,242)
Investment income.....	85,000	85,000	85,000	115,427	-	30,427
<b>TOTAL REVENUES.....</b>	<b>53,711,325</b>	<b>53,711,325</b>	<b>53,711,325</b>	<b>53,064,142</b>	<b>-</b>	<b>(647,183)</b>
<b>EXPENDITURES:</b>						
<b>GENERAL GOVERNMENT:</b>						
<b>TOWN MEETING</b>						
Salaries.....	2,999	2,999	2,999	-	-	2,999
<b>SELECTMEN</b>						
Salaries.....	250,445	282,445	282,445	278,257	-	4,188
Expenses.....	350,870	488,870	466,308	347,922	94,620	23,766
<b>TOTAL.....</b>	<b>601,315</b>	<b>771,315</b>	<b>748,753</b>	<b>626,179</b>	<b>94,620</b>	<b>27,954</b>
<b>FINANCE COMMITTEE</b>						
Salaries.....	2,500	2,500	2,500	1,133	-	1,367
Expenses.....	600	600	600	274	-	326
<b>TOTAL.....</b>	<b>3,100</b>	<b>3,100</b>	<b>3,100</b>	<b>1,407</b>	<b>-</b>	<b>1,693</b>
<b>RESERVE FUND</b>						
Reserve Fund.....	50,000	50,000	18,870	-	-	18,870
<b>ACCOUNTING</b>						
Salaries.....	199,310	199,310	199,310	177,347	-	21,963
Expenses.....	19,390	19,390	20,890	20,546	-	344
<b>TOTAL.....</b>	<b>218,700</b>	<b>218,700</b>	<b>220,200</b>	<b>197,893</b>	<b>-</b>	<b>22,307</b>
<b>ASSESSORS</b>						
Salaries.....	162,127	162,127	178,127	177,335	-	792
Expenses.....	53,450	84,450	87,450	60,271	26,300	879
<b>TOTAL.....</b>	<b>215,577</b>	<b>246,577</b>	<b>265,577</b>	<b>237,606</b>	<b>26,300</b>	<b>1,671</b>
<b>TREASURER-COLLECTOR</b>						
Salaries.....	207,261	207,261	219,261	218,875	-	386
Expenses.....	60,365	60,365	60,365	54,660	3,524	2,181
<b>TOTAL.....</b>	<b>267,626</b>	<b>267,626</b>	<b>279,626</b>	<b>273,535</b>	<b>3,524</b>	<b>2,567</b>
<b>TOWN COUNSEL</b>						
Expenses.....	100,000	100,000	100,000	91,355	-	8,645
<b>DATA PROCESSING</b>						
Salaries.....	89,176	89,176	89,176	86,302	-	2,874
Expenses.....	128,412	128,412	128,412	122,787	-	5,625
<b>TOTAL.....</b>	<b>217,588</b>	<b>217,588</b>	<b>217,588</b>	<b>209,089</b>	<b>-</b>	<b>8,499</b>
<b>TAX TITLE</b>						
Expenses.....	50,000	50,000	50,000	30,535	2,430	17,035

See notes to required supplementary information.

(Continued)

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Current Year Initial Budget	Original Budget	Final Budget			
<b>TOWN CLERK</b>						
Salaries.....	122,758	122,758	124,758	124,502	-	256
Expenses.....	42,834	42,834	42,834	38,684	-	4,150
<b>TOTAL.....</b>	<b>165,592</b>	<b>165,592</b>	<b>167,592</b>	<b>163,186</b>	<b>-</b>	<b>4,406</b>
<b>ELECTIONS AND REGISTRATIONS</b>						
Salaries.....	16,450	16,450	16,450	16,174	-	276
Expenses.....	11,195	11,195	11,195	9,991	-	1,204
<b>TOTAL.....</b>	<b>27,645</b>	<b>27,645</b>	<b>27,645</b>	<b>26,165</b>	<b>-</b>	<b>1,480</b>
<b>CONSERVATION COMMISSION</b>						
Salaries.....	13,355	13,355	13,355	7,613	-	5,742
<b>REGISTRARS</b>						
Expenses.....	6,500	6,500	7,525	7,515	-	10
<b>PLANNING BOARD</b>						
Salaries.....	20,525	20,525	27,825	27,731	-	94
Expenses.....	27,600	27,600	27,600	12,354	14,000	1,246
<b>TOTAL.....</b>	<b>48,125</b>	<b>48,125</b>	<b>55,425</b>	<b>40,085</b>	<b>14,000</b>	<b>1,340</b>
<b>ZONING BOARD OF APPEALS</b>						
Salaries.....	23,757	23,757	23,757	22,444	-	1,313
Expenses.....	200	200	200	124	-	76
<b>TOTAL.....</b>	<b>23,957</b>	<b>23,957</b>	<b>23,957</b>	<b>22,568</b>	<b>-</b>	<b>1,389</b>
<b>BUILDING DEPARTMENT</b>						
Salaries.....	12,420	12,420	12,420	12,420	-	-
Expenses.....	497,270	497,270	497,270	492,569	-	4,701
<b>TOTAL.....</b>	<b>509,690</b>	<b>509,690</b>	<b>509,690</b>	<b>504,989</b>	<b>-</b>	<b>4,701</b>
<b>TOWN REPORTS</b>						
Expenses.....	6,500	6,500	6,500	3,658	-	2,842
<b>NORTH RIVER COLLABORATIVE</b>						
North River Collaborative.....	11,000	11,000	11,000	5,966	-	5,034
<b>ADA COMMITTEE</b>						
Expenses.....	150	150	150	-	-	150
<b>Total General Government.....</b>	<b>2,539,419</b>	<b>2,740,419</b>	<b>2,729,552</b>	<b>2,449,344</b>	<b>140,874</b>	<b>139,334</b>
<b>PUBLIC SAFETY</b>						
<b>POLICE DEPARTMENT</b>						
Salaries.....	3,177,414	3,177,414	3,077,414	2,977,771	-	99,643
Expenses.....	483,588	523,921	523,921	507,564	1,083	15,274
<b>TOTAL.....</b>	<b>3,661,002</b>	<b>3,701,335</b>	<b>3,601,335</b>	<b>3,485,335</b>	<b>1,083</b>	<b>114,917</b>
<b>FIRE DEPARTMENT</b>						
Salaries.....	3,286,404	3,286,404	3,202,070	3,159,576	505	41,989
Expenses.....	527,090	527,090	533,290	530,790	-	2,500
<b>TOTAL.....</b>	<b>3,813,494</b>	<b>3,813,494</b>	<b>3,735,360</b>	<b>3,690,366</b>	<b>505</b>	<b>44,489</b>
<b>BUILDING INSPECTOR</b>						
Salaries.....	127,053	127,053	127,053	111,200	-	15,853
Expenses.....	11,480	11,480	11,480	11,314	-	166
<b>TOTAL.....</b>	<b>138,533</b>	<b>138,533</b>	<b>138,533</b>	<b>122,514</b>	<b>-</b>	<b>16,019</b>

See notes to required supplementary information.

(Continued)

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Current Year Initial Budget	Original Budget	Final Budget			
<b>SEALER OF WEIGHTS &amp; MEASURES</b>						
Salaries.....	5,100	5,100	5,100	5,100	-	-
Expenses.....	3,500	3,500	3,500	940	-	2,560
<b>TOTAL.....</b>	<b>8,600</b>	<b>8,600</b>	<b>8,600</b>	<b>6,040</b>	<b>-</b>	<b>2,560</b>
<b>CIVIL DEFENSE</b>						
Expenses.....	3,000	3,000	3,000	-	-	3,000
<b>ANIMAL CONTROL</b>						
Salaries.....	21,220	21,220	23,620	23,560	-	60
Expenses.....	2,000	2,000	2,000	378	-	1,622
<b>TOTAL.....</b>	<b>23,220</b>	<b>23,220</b>	<b>25,620</b>	<b>23,938</b>	<b>-</b>	<b>1,682</b>
<b>Total Public Safety.....</b>	<b>7,647,849</b>	<b>7,688,182</b>	<b>7,512,448</b>	<b>7,328,193</b>	<b>1,588</b>	<b>182,667</b>
<b>EDUCATION</b>						
<b>SCHOOL DEPARTMENT</b>						
Salaries/Expenses/Capital.....	23,905,138	24,036,795	24,036,794	23,852,557	111,464	72,773
South Shore Regional Assessment.....	1,396,175	1,396,175	1,397,345	1,397,345	-	-
<b>Total Education.....</b>	<b>25,301,313</b>	<b>25,432,970</b>	<b>25,434,139</b>	<b>25,249,902</b>	<b>111,464</b>	<b>72,773</b>
<b>PUBLIC WORKS</b>						
<b>HIGHWAY DEPARTMENT</b>						
Salaries.....	614,272	614,272	614,272	614,272	-	-
Expenses.....	467,395	481,243	481,243	408,460	65,793	6,990
<b>TOTAL.....</b>	<b>1,081,667</b>	<b>1,095,515</b>	<b>1,095,515</b>	<b>1,022,732</b>	<b>65,793</b>	<b>6,990</b>
<b>HIGHWAY-SNOW</b>						
Salaries.....	40,000	40,000	40,148	40,148	-	-
Expenses.....	60,000	60,000	224,932	224,930	-	2
<b>TOTAL.....</b>	<b>100,000</b>	<b>100,000</b>	<b>265,080</b>	<b>265,078</b>	<b>-</b>	<b>2</b>
<b>CARE OF VETERAN'S LOTS</b>						
Expenses.....	600	600	600	-	-	600
<b>BOARD OF HEALTH-WASTE COLLECTION</b>						
Salaries.....	15,000	15,000	15,000	15,000	-	-
Expenses.....	1,260,810	1,260,810	1,260,810	1,198,589	-	62,221
<b>TOTAL.....</b>	<b>1,275,810</b>	<b>1,275,810</b>	<b>1,275,810</b>	<b>1,213,589</b>	<b>-</b>	<b>62,221</b>
<b>Total Public Works.....</b>	<b>2,458,077</b>	<b>2,471,925</b>	<b>2,637,005</b>	<b>2,501,399</b>	<b>65,793</b>	<b>69,813</b>
<b>HUMAN SERVICES</b>						
<b>BOARD OF HEALTH-OPERATING</b>						
Salaries.....	116,804	116,804	116,804	114,101	-	2,703
Expenses.....	12,138	12,138	12,138	12,137	-	1
<b>TOTAL.....</b>	<b>128,942</b>	<b>128,942</b>	<b>128,942</b>	<b>126,238</b>	<b>-</b>	<b>2,704</b>
<b>BOARD OF HEALTH-PUBLIC HEALTH NURSE</b>						
Expenses.....	17,500	17,500	17,500	12,125	-	5,375
<b>COUNCIL ON AGING</b>						
Salaries.....	116,269	116,269	116,269	111,296	-	4,973
Expenses.....	123,066	123,066	123,066	20,635	-	102,431
<b>TOTAL.....</b>	<b>239,335</b>	<b>239,335</b>	<b>239,335</b>	<b>131,931</b>	<b>-</b>	<b>107,404</b>

See notes to required supplementary information.

(Continued)

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Current Year Initial Budget	Original Budget	Final Budget			
<b>VETERANS SERVICES</b>						
Salaries.....	72,023	72,023	72,308	72,307	-	1
Expenses.....	132,200	132,200	165,600	165,562	-	38
<b>TOTAL.....</b>	<b>204,223</b>	<b>204,223</b>	<b>237,908</b>	<b>237,869</b>	<b>-</b>	<b>39</b>
Total Human Services.....	590,000	590,000	623,685	508,163	-	115,522
<b>CULTURE AND RECREATION</b>						
<b>LIBRARY</b>						
Salaries.....	360,826	360,826	360,826	337,606	-	23,220
Expenses.....	160,209	160,209	160,209	144,887	-	15,322
<b>TOTAL.....</b>	<b>521,035</b>	<b>521,035</b>	<b>521,035</b>	<b>482,493</b>	<b>-</b>	<b>38,542</b>
<b>PARK &amp; RECREATION</b>						
Salaries.....	143,041	143,041	143,041	124,108	-	18,933
Expenses.....	80,053	80,053	80,053	71,890	-	8,163
<b>TOTAL.....</b>	<b>223,094</b>	<b>223,094</b>	<b>223,094</b>	<b>195,998</b>	<b>-</b>	<b>27,096</b>
<b>HISTORICAL COMMISSION</b>						
Other Charges & Expenses.....	300	300	300	-	-	300
<b>PUBLIC CELEBRATIONS</b>						
Memorial/Veteran's Day.....	8,000	8,000	8,000	3,143	-	4,857
Total Culture and Recreation.....	752,429	752,429	752,429	681,634	-	70,795
<b>DEBT AND INTEREST</b>						
Debt Principal.....	2,683,609	2,683,609	2,607,609	2,330,000	-	277,609
Debt Interest.....	1,649,694	1,649,694	1,683,634	1,644,892	-	38,742
<b>TOTAL.....</b>	<b>4,333,303</b>	<b>4,333,303</b>	<b>4,291,243</b>	<b>3,974,892</b>	<b>-</b>	<b>316,351</b>
<b>RETIREMENT</b>						
Retirement.....	2,704,179	2,704,179	2,704,179	2,704,179	-	-
<b>UNEMPLOYMENT</b>						
Unemployment.....	70,000	70,000	72,160	72,157	-	3
<b>HEALTH INSURANCE</b>						
Health Insurance.....	6,166,859	6,166,859	6,166,859	6,105,668	62	61,129
<b>LIFE INSURANCE</b>						
Life Insurance.....	12,500	12,500	12,500	10,921	-	1,579
<b>MEDICARE</b>						
Medicare.....	362,000	362,000	395,550	395,548	-	2
<b>LIABILITY INSURANCE &amp; DEFERRED COMPENSATION</b>						
Liability Insurance & Deferred Compensation.....	916,243	916,243	916,243	860,945	-	55,298
<b>SOUTHFIELD ASSESSMENT</b>						
Southfield Assessment.....	3,500	6,500	6,500	2,421	3,044	1,035
<b>STATE AND COUNTY CHARGES</b>						
State & County.....	934,876	934,876	935,781	890,308	-	45,473
Total Other.....	15,503,460	15,506,460	15,501,015	15,017,039	3,106	480,870
<b>TOTAL EXPENDITURES.....</b>	<b>54,792,547</b>	<b>55,182,385</b>	<b>55,190,273</b>	<b>53,735,674</b>	<b>322,825</b>	<b>1,131,774</b>

See notes to required supplementary information.

(Continued)

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Current Year Initial Budget	Original Budget	Final Budget			
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(1,081,222)	(1,471,060)	(1,478,948)	(671,532)	(322,825)	484,591
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in.....	418,179	418,179	568,179	568,179	-	-
Transfers out.....	-	-	(1,205,905)	(1,205,905)	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	418,179	418,179	(637,726)	(637,726)	-	-
NET CHANGE IN FUND BALANCE.....	(663,043)	(1,052,881)	(2,116,674)	(1,309,258)	(322,825)	484,591
BUDGETARY FUND BALANCE, Beginning of year.....	2,989,735	2,989,735	2,989,735	2,989,735	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ 2,326,692	\$ 1,936,854	\$ 873,061	\$ 1,680,477	\$ (322,825)	\$ 484,591

See notes to required supplementary information.

(Concluded)

# ***Pension Plan Schedules***

The Schedule of the Town's Proportionate Share of the Net Pension Liability presents multi-year trend information on the Town's net pension liability and related ratios.

The Schedule of Contributions presents multi-year trend information on the Town's required and actual contributions to the pension plan and related ratios.

The Schedule of the Special Funding Amounts of the Net Pension Liability for the Massachusetts Teachers' Contributory Retirement System presents multi-year trend information on the liability and expense assumed by the Commonwealth of Massachusetts on behalf of the Town along with related ratios.

These schedules are intended to present information for ten years. Until a ten-year trend is compiled, information is presented for those years for which information is available.

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
PLYMOUTH COUNTY CONTRIBUTORY RETIREMENT SYSTEM**

Year	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered- payroll	Net pension liability as a percentage of covered- payroll	Plan fiduciary net position as a percentage of the total pension liability
December 31, 2019.....	3.66%	\$ 24,998,762	\$ 11,560,361	216.25%	61.61%
December 31, 2018.....	3.60%	26,505,663	9,922,438	267.13%	56.11%
December 31, 2017.....	3.63%	19,513,320	9,696,930	201.23%	65.56%
December 31, 2016.....	3.65%	23,110,375	9,323,971	247.86%	58.32%
December 31, 2015.....	3.66%	23,236,595	9,297,874	249.91%	56.80%
December 31, 2014.....	3.66%	21,356,412	8,961,806	238.30%	58.90%

Note: this schedule is intended to present information for 10 years.  
Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

**SCHEDULE OF THE TOWN'S CONTRIBUTIONS**  
**PLYMOUTH COUNTY CONTRIBUTORY RETIREMENT SYSTEM**

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Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered- payroll	Contributions as a percentage of covered- payroll
June 30, 2020.....	\$ 2,492,984	\$ (2,492,984)	-	\$ 11,791,568	21.14%
June 30, 2019.....	2,620,527	(2,620,527)	-	10,120,887	25.89%
June 30, 2018.....	2,479,907	(2,479,907)	-	9,890,869	25.07%
June 30, 2017.....	2,393,438	(2,393,438)	-	9,510,450	25.17%
June 30, 2016.....	2,386,676	(2,340,302)	46,374	9,483,831	24.68%
June 30, 2015.....	2,208,964	(2,208,964)	-	9,141,042	24.17%

Note: this schedule is intended to present information for 10 years.  
Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

**SCHEDULE OF THE SPECIAL FUNDING AMOUNTS  
OF THE NET PENSION LIABILITY  
MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM**

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The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Therefore, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the associated collective net pension liability; the portion of the collective pension expense as both a revenue and pension expense recognized; and the Plan's fiduciary net position as a percentage of the total liability.

Year	Commonwealth's 100% Share of the Associated Net Pension Liability	Expense and Revenue Recognized for the Commonwealth's Support	Plan Fiduciary Net Position as a Percentage of the Total Liability
2020.....	\$ 49,456,690	\$ 5,997,482	53.95%
2019.....	44,490,485	4,508,466	54.84%
2018.....	42,526,193	4,438,583	54.25%
2017.....	41,172,867	4,199,902	52.73%
2016.....	37,551,916	3,045,795	55.38%
2015.....	29,480,494	2,048,151	61.64%

Note: this schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

# ***Other Postemployment Benefit Plan Schedules***

The Schedule of Changes in the Town's Net Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on changes in the Plan's total OPEB liability, changes in the Plan's net position, and ending net OPEB liability. It also demonstrates the Plan's net position as a percentage of the total liability and the Plan's net other postemployment benefit liability as a percentage of covered employee payroll.

The Schedule of the Town's Contributions presents multi-year trend information on the Town's actual contributions to the other postemployment benefit plan and related ratios.

The Schedule of Investment Returns presents multi-year trend information on the money-weighted investment return on the Plan's other postemployment assets, net of investment expense.

**SCHEDULE OF CHANGES IN THE  
TOWN'S NET OPEB LIABILITY AND RELATED RATIOS  
OTHER POSTEMPLOYMENT BENEFIT PLAN**

	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
<b>Total OPEB Liability</b>				
Service Cost.....	\$ 1,734,495	\$ 1,750,617	\$ 2,770,425	\$ 2,855,722
Interest.....	2,186,131	2,423,628	1,982,453	2,199,008
Differences between expected and actual experience....	-	-	(6,446,100)	(994,800)
Changes of assumptions.....	-	(297,636)	11,646,562	784,718
Benefit payments.....	<u>(1,914,269)</u>	<u>(1,999,239)</u>	<u>(2,105,288)</u>	<u>(2,223,318)</u>
Net change in total OPEB liability.....	2,006,357	1,877,370	7,848,052	2,621,330
Total OPEB liability - beginning.....	66,480,553	<u>68,486,910</u>	<u>70,364,280</u>	<u>78,212,332</u>
Total OPEB liability - ending (a).....	<u>\$ 68,486,910</u>	<u>\$ 70,364,280</u>	<u>\$ 78,212,332</u>	<u>\$ 80,833,662</u>
<b>Plan fiduciary net position</b>				
Employer contributions.....	\$ 40,000	\$ -	\$ 80,000	\$ -
Employer contributions for OPEB payments.....	1,914,269	1,999,239	2,105,288	2,223,318
Net investment income.....	218	954	2,270	3,551
Benefit payments.....	<u>(1,914,269)</u>	<u>(1,999,239)</u>	<u>(2,105,288)</u>	<u>(2,223,318)</u>
Net change in plan fiduciary net position.....	40,218	954	82,270	3,551
Plan fiduciary net position - beginning of year.....	<u>146,520</u>	<u>186,738</u>	<u>187,692</u>	<u>269,962</u>
Plan fiduciary net position - end of year (b).....	<u>\$ 186,738</u>	<u>\$ 187,692</u>	<u>\$ 269,962</u>	<u>\$ 273,513</u>
<b>Net OPEB liability - ending (a)-(b).....</b>	<u>\$ 68,300,172</u>	<u>\$ 70,176,588</u>	<u>\$ 77,942,370</u>	<u>\$ 80,560,149</u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	0.27%	0.27%	0.35%	0.34%
Covered-employee payroll.....	\$ 25,150,935	\$ 25,905,463	\$ 26,836,217	\$ 27,641,304
Net OPEB liability as a percentage of covered-employee payroll.....	271.56%	270.89%	290.44%	291.45%

Note: this schedule is intended to present information for 10 years.  
Until a 10-year trend is compiled, information is presented for those years for  
which information is available.

See notes to required supplementary information.

**SCHEDULE OF THE TOWN'S CONTRIBUTIONS  
OTHER POSTEMPLOYMENT BENEFIT PLAN**

<u>Year</u>	<u>Actuarially determined contribution</u>	<u>Contributions in relation to the actuarially determined contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered- employee payroll</u>	<u>Contributions as a percentage of covered- employee payroll</u>
June 30, 2020.....	\$ 6,727,660	\$ (2,223,318)	\$ 4,504,342	\$ 27,641,304	8.04%
June 30, 2019.....	6,516,545	(2,185,288)	4,331,257	26,836,217	8.14%
June 30, 2018.....	5,338,609	(1,999,239)	3,339,370	25,905,463	7.72%
June 30, 2017.....	5,119,087	(1,954,269)	3,164,818	25,150,935	7.77%

Note: this schedule is intended to present information for 10 years.  
Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

**SCHEDULE OF INVESTMENT RETURNS**  
**OTHER POSTEMPLOYMENT BENEFIT PLAN**

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<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
June 30, 2020.....	1.32%
June 30, 2019.....	1.00%
June 30, 2018.....	0.51%
June 30, 2017.....	0.15%

Note: this schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

**NOTE A - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgetary Information

Municipal Law requires the adoption of a balanced budget that is approved by the Finance Committee (Committee). The Committee presents an annual budget to the Open Town Meeting, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. The Town, which has full authority to amend and/or reject the budget or any line item, adopts the expenditure budget by majority vote.

Increases or transfers between and within departments subsequent to the approval of the annual budget requires majority vote at a Special Town Meeting.

The majority of appropriations are non-continuing which lapse at the end of each year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior year be carried forward and made available for spending in the current year. These carry forwards are included as part of the subsequent year’s original budget.

Generally, expenditures may not exceed the legal level of spending (salaries, expenses and capital) authorized for an appropriation account. However, the payment of debt service is statutorily required, regardless of whether such amounts are appropriated. Additionally, expenditures for disasters, natural or otherwise, and final claims and judgments may exceed the level of spending authorized by majority vote at a Special Town Meeting.

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original 2020 approved budget authorized approximately \$55.2 million in appropriations and other amounts to be raised. During 2020, the Town approved supplemental appropriations totaling approximately \$1.2 million.

The Town Accountant’s office has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the accounting system.

Budgetary - GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the year ended June 30, 2020, is presented below:

Net change in fund balance - budgetary basis.....	\$	(1,309,258)
<u>Perspective differences:</u>		
Activity of the stabilization fund recorded in the general fund for GAAP.....		1,126,151
<u>Basis of accounting differences:</u>		
Net change in recording 60 day receipts.....		265,683
Recognition of revenue for on-behalf payments.....		5,997,482
Recognition of expenditures for on-behalf payments.....		<u>(5,997,482)</u>
Net change in fund balance - GAAP basis.....	\$	<u>82,576</u>

**NOTE B – PENSION PLAN**A. Schedule of the Town's Proportionate Share of the Net Pension Liability

The Schedule of the Town's Proportionate Share of the Net Pension Liability details the Town's allocated percentage of the net pension liability (asset), the Town's proportionate share of the net pension liability, and the Town's covered employee payroll. It also demonstrates the Town's net position as a percentage of the Town's pension liability and the Town's net pension liability as a percentage of the Town's covered payroll.

B. Schedule of Town's Contributions

Governmental employers are required to pay an annual appropriation as established by PERAC. The Town's appropriation includes the amounts to pay the pension portion of each member's retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the system's funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The Town's appropriations are payable on July 1 and January 1. The Town may choose to pay the entire appropriation in July at a discounted rate. Accordingly, actual Town contributions may be less than the "total appropriation". The pension fund appropriation is allocated to the Town based on covered payroll.

C. Schedule of the Special Funding Amounts of the Net Pension Liability

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the collective net pension liability that is associated with the Town; the portion of the collective pension expense as both a revenue and pension expense recognized by the Town; and the Plan's fiduciary net position as a percentage of the total liability.

D. Changes in Assumptions

None.

E. Changes in Plan Provisions

The cost of living adjustment assumption was updated from 3.0% of the \$14,000 of retirement income to 3.0% of the first \$16,000 of retirement income.

**NOTE C – OTHER POSTEMPLOYMENT BENEFITS**

The Town administers a single-employer defined benefit healthcare plan (the Retiree Health Plan). The plan provides lifetime healthcare and life insurance for eligible retirees and their spouses through the Town's health and life insurance plans, which covers both active and retired members, including teachers.

**The Other Postemployment Benefit Plan**The Schedule of Changes in the Town's Net Other Postemployment Benefit Liability and Related Ratios

The Schedule of Changes in the Town's Net Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on changes in the Plan's total OPEB liability, changes in the Plan's net position, and

ending net OPEB liability. It also demonstrates the Plan’s net position as a percentage of the total liability and the Plan’s net other postemployment benefit liability as a percentage of covered employee payroll.

Schedule of the Town’s Contributions

The Schedule of the Town’s Contributions includes the Town’s annual required contribution to the Plan, along with the contribution made in relation to the actuarially determined contribution and the covered employee payroll. The Town is not required to fully fund this contribution. It also demonstrates the contributions as a percentage of covered payroll. Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates are as follows:

Valuation date.....	July 1, 2018
Actuarial cost method.....	Individual Entry Age Normal Cost Method.
Asset valuation method.....	Market value of assets as of the reporting date, June 30, 2020.
Investment rate of return.....	2.50%, net of OPEB plan investment expense, including inflation.
Municipal bond rate.....	2.66% as of June 30, 2020 (source: S&P Municipal Bond 20-Year High Grade Index - SAPIHG).
Discount rate.....	2.75%, net of OPEB plan investment expense, including inflation.
Inflation rate.....	2.50% as of June 30, 2019 and for future periods.
Projected salary increases.....	3.00% annually as of June 30, 2019 and for future periods.
Pre-retirement mortality.....	General: RP-2000 Employees Mortality Table projected generationally with scale BB and a base year 2009 for males and females. Teachers: RP-2000 Employees Mortality Table projected generationally with scale BB and a base year 2009 for males and females.

Post-retirement mortality.....	General: RP-2000 Healthy Annuitant Mortality Table projected generationally with scale BB and a base year 2009 for males and females. Teachers: RP-2000 Healthy Annuitant Mortality Table projected generationally with scale BB and a base year 2009 for males and females.
Disabled mortality.....	General: RP-2000 Healthy Annuitant Mortality Table projected generationally with scale BB and a base year 2012 for males and females. Teachers: RP-2000 Healthy Annuitant Mortality Table projected generationally with scale BB and a base year 2012 for males and females.

Schedule of Investment Return

The Schedule of Investment Return includes the money-weighted investment return on the Plan’s other postemployment assets, net of investment expense.

Changes of Assumptions

None.

Changes in Plan Provisions

None.

***TOWN OF ABINGTON, MASSACHUSETTS***

***MANAGEMENT LETTER***

***JUNE 30, 2020***



100 Quannapowitt Parkway  
Suite 101

Wakefield, MA 01880

T. 781-914-1700

F. 781-914-1701

[www.powersandsullivan.com](http://www.powersandsullivan.com)

To the Honorable Board of Selectmen  
Town of Abington, Massachusetts:

In planning and performing our audit of the financial statements of the Town of Abington, Massachusetts, as of and for the year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the Town of Abington, Massachusetts' internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We did not identify any deficiencies in internal control that we consider to be significant deficiencies.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions concerning those matters.

This communication is intended solely for the information and use of management of the Town of Abington, Massachusetts and is not intended to be and should not be used by anyone other than these specified parties.

*Powers + Sullivan, LLC*

February 25, 2021

TOWN OF ABINGTON, MASSACHUSETTS

MANAGEMENT LETTER

JUNE 30, 2020

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# **Prior Year Comments and Recommendations**

## **AUDIT OF STUDENT ACTIVITY FUNDS**

### Prior Year Comment

Massachusetts General Law (MGL), Chapter 71, Section 47 requires annual audits of student activity accounts in accordance with guidelines issued by the Department of Elementary and Secondary Education (DESE). These guidelines have recently been updated in a document published by the Massachusetts Department of Elementary and Secondary Education (DESE) entitled "Agreed-Upon Procedures and Audit Guidelines: Student Activity Funds". This can be found on the DESE's website on the following link:

<http://www.doe.mass.edu/finance/accounting/AuditGuidelines.pdf>.

The audit may be conducted by external audit firms or internally by personnel not associated with student activity accounts, if so approved by the School Committee. If an internal audit is conducted, an audit report should be produced that includes the audit procedures performed and the results of the procedures. If the audit results in findings a written corrective action plan should be completed. The audit report should be distributed to the Superintendent, the School Committee and the independent auditor to review.

### Current Status

An audit of the Middle School and High School student activity accounts was not conducted in 2020 by the School Department. These accounts have not been audited internally or externally in ten years. It is a requirement that these accounts are audited at least once every three years by an external auditor and can be completed in house in the intervening years. When completed internally, a set of workpapers should be created to allow a review of the work that was completed.

### Continuing Recommendation

We continue to recommend that the Town obtain an audit of the student activity accounts from an independent audit firm at least once every three years. Student activity accounts are an area that are subjected to less stringent oversight than operating budget expenditures, as a result, this is an area that is more susceptible to errors and irregularities. As a result, we also recommend that the School Department implement procedures to assure that these accounts are reviewed on an annual basis and externally reviewed once every three years..

## **DOCUMENTATION OF INTERNAL CONTROLS**

### Prior Year Comment

In December 2013, the U.S. Office of Management and Budget (OMB) issued Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) in an effort to (1) streamline guidance for federal awards while easing the administrative burden and (2) to strengthen oversight over the expenditure of federal funds and to reduce the risks of waste, fraud and abuse.

The Uniform Guidance supersedes and streamlines requirements from eight different federal grant circulars (including OMB Circular A-133) into one set of guidance. Local governments were required to implement the new administrative requirements and cost principles for all new federal awards and to additional funding to existing awards made after December 26, 2014 (fiscal year 2016).

In conformance with Uniform Guidance, the non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the

federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States (the Green Book) and the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Management is responsible for internal controls and to see that the entity is doing what needs to be done to meet its objectives. Governments have limited resources and constraints on how much can be spent on designing, implementing, and conducting systems of internal control. The COSO Framework can help management consider alternative approaches and decide what action it needs to take to meet its objectives. Depending on circumstances, these approaches and decisions can contribute to efficiencies in the design, implementation, and conduct of internal control. With the COSO Framework, management can more successfully diagnose issues and assert effectiveness regarding their internal controls and, for external financial reporting, help avoid material weaknesses or significant deficiencies.

The COSO internal control framework must incorporate the 5 major components of internal control, while addressing the 17 principles of internal control that support the COSO framework. Refer to [www.coso.org](http://www.coso.org) for articles describing the 5 components and their 17 principles in detail.

Management should evaluate and assess the government’s internal control system to determine whether: each of the five essential elements of a comprehensive framework of internal control is present throughout the organization; whether each element addresses all of the associated principles; and whether all five elements effectively function together.

Current Status

The document was scheduled to be approved but due to the pandemic was delayed and approved by the Town on October 19, 2020.

**OTHER POSTEMPLOYMENT BENEFITS TRUST**

Prior Year Comment

The Town established an Other Postemployments Benefits Trust (OPEB Trust) during 2013. Since that time the Town has been working to develop a funding plan for yearly contributions to the Trust to help mitigate future liabilities associated with Other Postemployment Benefits.

Although the Town's investment tolerance is one of low risk and safety of principal first and foremost, we feel that the Treasurer should examine the use of investments that are of lower risk tolerance but that will help the Town to generate greater investment returns for the OPEB Trust.

Current Status

The Town has approximately \$274,000 in the OPEB Trust. Currently, the balance is maintained in cash.

Continuing Recommendation

We continue to recommend that the Town interview investment firms to determine the best fit and strategy for the Town's OPEB assets and move the assets out of cash during 2021.

# **Current Year Comments and Recommendations**

## FRAMEWORK FOR ASSESSING AND IMPROVING CYBERSECURITY

### Current Year Comment

Throughout an organization's normal course of business comes the need to collect, transmit, and store extensive amounts of personal and financial information, both in paper and electronic form, relating to residents, vendors and employees. The use of technology has become a driver in helping organizations stay current and succeed. However, the sharing and compilation of this information lends itself to increasing the organization's vulnerability to either a cyber computer attack, ransomware attack, or a security breach, all are considered cybersecurity attacks.

Management must be aware of the risks associated with the collection of this information and be diligent in implementing the proper policies and procedures to help to expose these risks. While impossible for an organization to eliminate all risks associated with a cybersecurity attack, an organization can take a variety of steps to mitigate its exposure, satisfy its governance responsibilities and help to minimize the impact of any attack occur.

Because management is ultimately responsible to develop, implement and operate an organization's cybersecurity risk management program, management is ultimately responsible for developing, and presenting to the organization an overview of the entity's cybersecurity risk management program.

The first step in understanding an organization's risks and working to develop and implement an effective cybersecurity plan, an organization needs to conduct a risk assessment and understand their where its greatest exposure and vulnerabilities lie. This can be completed internally if the organization has an experienced information technology team, or there are many organizations that employ experienced professionals in the information technology arena to assist in the risk assessment and implementation if desired.

Once a risk assessment is completed, the next step is to develop and implement a cybersecurity risk program which needs to be continually reviewed and updated as technology changes. This response program should be tested to determine if the proper policies and procedures have been implemented to minimize the potential costs of a cyber-attack.

The obvious benefit to conducting a risk assessment is having the knowledge and an objective identification of the organization's areas where exposure to risks is more prevalent and allows for the development of a roadmap to address the remediation of these risks.

Some of the main areas of review that should be incorporated into the risk assessment are as follows:

- Electronic Records, Paper Records (Human Resource Records, Bank Statements, Payroll Records), Resident Data, Employee Data, Physical Security of hardware and software, Any Third Party or Vendor exposure, Password Security, E-Mail Security (Understanding the risks of malware and ransomware), Mobile phones and Portable Storage Devices, System Backup Procedures, Virus Protection Software, Data Encryption, Document Retention and Destruction Policies, Use of Unauthorized Software, Ongoing Employee Training.

Risk management is the ongoing process of identifying, assessing the risk, and developing a plan to address the risks. To manage their risk, organizations should understand what the likelihood is that an event will occur and assess the resulting impact of the event. This will assist the organization in developing their own acceptable level of risk tolerance and help to prioritize the areas in which internal controls should be strengthened.

### Recommendation

The Town is aware of their risk exposure to a cyber-attack and has taken a pro-active approach to mitigate their risk exposure to a cyber-attack. However, we recommend that management formally document the Town's assessment of risk exposure to a cyber-attack. An internal team with the proper information technology experience can be used or a third-party vendor that specializes in this type of assessment can be used.

Once a review is completed, we recommend that policies and procedures be developed to mitigate each identified risk to an acceptable level that fits with the organization's determined risk tolerance.

We also recommend that the community look into obtaining Cyber Liability Insurance which will help to mitigate the costs associated with a breach in information technology security.

Finally, we want to make management aware that technology is constantly changing and that this is not a one-time static process, this will require additional risk assessments and the updating of policies and procedures with the changing technological landscape.

***TOWN OF ABINGTON, MASSACHUSETTS***

***REPORTS ON FEDERAL AWARD PROGRAMS***

***YEAR ENDED JUNE 30, 2020***

**TOWN OF ABINGTON, MASSACHUSETTS**  
**REPORTS ON FEDERAL AWARD PROGRAMS**  
**YEAR ENDED JUNE 30, 2020**

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

100 Quannapowitt Parkway  
Suite 101  
Wakefield, MA 01880  
T. 781-914-1700  
F. 781-914-1701  
[www.powersandsullivan.com](http://www.powersandsullivan.com)

**Independent Auditor's Report**

To the Honorable Board of Selectmen  
Town of Abington, Massachusetts

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Abington, Massachusetts, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Abington, Massachusetts' basic financial statements, and have issued our report thereon dated February 25, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Abington, Massachusetts' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Abington, Massachusetts' internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Abington, Massachusetts' internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Abington, Massachusetts' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Powers + Sullivan, LLC*

February 25, 2021



100 Quannapowitt Parkway  
Suite 101  
Wakefield, MA 01880  
T. 781-914-1700  
F. 781-914-1701  
[www.powersandsullivan.com](http://www.powersandsullivan.com)

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE  
OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

**Independent Auditor's Report**

To the Honorable Board of Selectmen  
Town of Abington, Massachusetts

**Report on Compliance for Each Major Federal Program**

We have audited the Town of Abington, Massachusetts' compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Town of Abington, Massachusetts' major federal programs for the year ended June 30, 2020. The Town of Abington, Massachusetts' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Town of Abington, Massachusetts' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Abington, Massachusetts' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town of Abington, Massachusetts' compliance.

**Opinion on Each Major Federal Program**

In our opinion, the Town of Abington, Massachusetts complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

**Report on Internal Control Over Compliance**

Management of the Town of Abington, Massachusetts, is responsible for establishing and maintaining effective

internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Abington, Massachusetts' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Abington, Massachusetts' internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Abington, Massachusetts as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Abington, Massachusetts's basic financial statements. We issued our report thereon dated February 25, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Powers + Sullivan, LLC*

February 25, 2021

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Amount Passed Through to Sub-Recipients	Expenditures
<b>CHILD NUTRITION CLUSTER:</b>				
U.S. DEPARTMENT OF AGRICULTURE:				
<u>Passed through Massachusetts Department of Elementary and Secondary Education:</u>				
Non-Cash Assistance (Commodities):				
National School Lunch Program.....	10.555	12-001	\$ -	\$ 51,929
Cash Assistance:				
National School Lunch Program.....	10.555	12-001	-	195,583
COVID 19 - National School Lunch Program.....	10.555	12-001	-	20,497
Total National School Lunch Program.....			-	268,009
Cash Assistance:				
School Breakfast Program.....	10.553	12-001	-	44,632
COVID 19 - School Breakfast Program.....	10.553	12-001	-	12,958
Total School Breakfast Program.....			-	57,590
TOTAL CHILD NUTRITION CLUSTER.....			-	325,599
<b>SPECIAL EDUCATION CLUSTER:</b>				
U.S. DEPARTMENT OF EDUCATION:				
<u>Passed through Massachusetts Department of Elementary and Secondary Education:</u>				
Special Education Grants to States (IDEA, Part B).....	84.027	240-304267-2020-0001	-	551,891
<u>Passed through Massachusetts Department of Early Education and Care:</u>				
Special Education Preschool Grants (IDEA, Preschool).....	84.173	262-304269-2020-0001	-	10,050
TOTAL SPECIAL EDUCATION CLUSTER.....			-	561,941
<b>HIGHWAY SAFETY CLUSTER:</b>				
U.S. DEPARTMENT OF TRANSPORTATION:				
<u>Passed through Highway Safety Bureau:</u>				
State and Community Highway Safety.....	20.600	PD OT ENF	-	6,645
National Priority Safety Programs.....	20.616	PD OT ENF	-	6,998
TOTAL HIGHWAY SAFETY CLUSTER.....			-	13,643
<b>OTHER PROGRAMS:</b>				
U.S. DEPARTMENT OF JUSTICE:				
<u>Direct Program:</u>				
Bulletproof Vest Partnership Program.....	16.607	N/A	-	1,342
Public Safety Partnership and Community Policing Grants.....	16.710	N/A	-	39,460
Support for Adam Walsh Act Implementation Grant Program.....	16.750	N/A	-	1,449
TOTAL U.S. DEPARTMENT OF JUSTICE.....			-	42,251
U.S. DEPARTMENT OF HOMELAND SECURITY:				
<u>Direct Program:</u>				
Assistance to Firefighters Grant.....	97.044	N/A	-	6,200
<b>PASS-THROUGH PROGRAMS:</b>				
U.S. DEPARTMENT OF TREASURY:				
<u>Passed through Executive Office of Administration and Finance:</u>				
Coronavirus Relief Fund.....	21.019	COVID19 001	-	184,444
U.S. DEPARTMENT OF MUSEUM & LIBRARY SERVICES:				
<u>Passed through Massachusetts Board of Library Commissioners:</u>				
Grants to States.....	45.310	FY2020 PRESERVATION	-	4,200
U.S. DEPARTMENT OF EDUCATION:				
<u>Passed through Massachusetts Department of Elementary and Secondary Education:</u>				
Title I Grants to Local Educational Agencies.....	84.010	305-304270-2020-0001	-	187,308
Improving Teacher Quality State Grants.....	84.367	140-304268-2020-0001	-	39,245
Student Support and Academic Enrichment Program.....	84.424	309-304271-2020-0001	-	14,402
TOTAL EDUCATION.....			-	240,955
U.S. DEPARTMENT OF HOMELAND SECURITY:				
<u>Passed through Massachusetts Emergency Management Agency:</u>				
Emergency Management Performance Grants.....	97.042	EMPG ABINGTON	-	8,498
TOTAL.....			\$ -	\$ 1,387,731

See notes to schedule of expenditures of federal awards.

**Note 1 – Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of the Town of Abington, Massachusetts under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Abington, Massachusetts, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of Abington, Massachusetts.

**Note 2 – Summary of Significant Accounting Policies**

The accounting and reporting policies of the Town of Abington, Massachusetts are set forth below:

- a) Basis of Presentation – The accompanying Schedule of Expenditures of Federal Awards is presented on the modified accrual basis of accounting. Accordingly, expenditures are recognized when the liability is incurred. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b) Cash Assistance – School Breakfast and Lunch Program – Program expenditures represent federal reimbursement for meals provided during the year.
- c) Non-Cash Assistance (Commodities) – School Lunch Program – Program expenditures represent the value of donated foods received during the year.
- d) Disaster grants have been recorded the year the reimbursement was received, except for COVID-19 grants.
- e) The Town of Abington, Massachusetts has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**A. Summary of Auditor's Results**

1. The auditor's report expresses an unmodified opinion on the financial statements of the Town of Abington, Massachusetts.
2. No material weaknesses or significant deficiencies relating to the audit of the basic financial statements are reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the Town of Abington, Massachusetts, were disclosed during the audit.
4. No material weaknesses or significant deficiencies relating to the audit of the major federal award programs are reported in the Report On Compliance For Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for the Town of Abington, Massachusetts, expresses an unmodified opinion on all major federal award programs.
6. There were no audit findings relative to the major federal award programs for the Town of Abington, Massachusetts.
7. The program tested as a major grant is the Special Education cluster.
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. The Town of Abington, Massachusetts was determined to be a low-risk auditee.

**B. Findings-Financial Statements Audit**

None

**C. Findings and Questioned Costs – Major Federal Award Program Audit**

None

**D. Summary Schedule of Prior Audit Findings**

None